

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

2 -----  
JOINT LEGISLATIVE HEARING  
3 In the Matter of the  
2017-2018 EXECUTIVE BUDGET  
4 ON LOCAL GOVERNMENT OFFICIALS/  
GENERAL GOVERNMENT  
5 -----

6 Hearing Room B  
Legislative Office Building  
7 Albany, New York

8 January 30, 2017  
10:09 a.m.

9

10 PRESIDING:

11 Senator Catharine M. Young  
Chair, Senate Finance Committee

12  
13 Assemblyman Herman D. Farrell, Jr.  
Chair, Assembly Ways & Means Committee

14 PRESENT:

15 Senator Liz Krueger  
Senate Finance Committee (RM)

16  
17 Assemblyman Robert Oaks  
Assembly Ways & Means Committee (RM)

18 Senator Diane J. Savino  
Vice Chair, Senate Finance Committee

19  
20 Assemblyman Michael Benedetto  
Chair, Assembly Cities Committee

21 Senator Simcha Felder  
Chair, Senate Committee on Cities

22  
23 Senator Kathleen A. Marchione  
Chair, Senate Committee on Local Government

24

1 2017-2018 Executive Budget  
Local Government Officials/  
2 General Government  
1-30-17  
3

4 PRESENT: (Continued)

5 Assemblyman Michael J. Cusick

6 Senator Roxanne J. Persaud

7 Assemblyman David Weprin

8 Assemblywoman Catherine T. Nolan

9 Assemblyman Jeffrion L. Aubry

10 Senator Gustavo Rivera

11 Senator Martin Golden

12 Assemblywoman Nicole Malliotakis

13 Senator Daniel Squadron

14 Assemblywoman Rebecca Seawright

15 Assemblyman Robert Carroll

16 Senator Terrence Murphy

17 Assemblyman Walter T. Mosley

18 Assemblywoman Nily Rozic

19 Senator Brad Hoylman

20 Assemblyman Erik M. Dilan

21 Senator Timothy Kennedy

22 Assemblywoman Rodneyse Bichotte

23 Assemblywoman Earlene Hooper

24 Assemblywoman Inez E. Dickens

1 2017-2018 Executive Budget  
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4 PRESENT: (Continued)

5 Senator Andrea Stewart-Cousins

6 Assemblyman David F. Gantt

7 Senator Daniel Squadron

8 Assemblywoman Tremaine Wright

9 Assemblyman Christopher S. Friend

10 Assemblyman John T. McDonald, III

11 Senator Jesse Hamilton

12 Assemblyman Ron Castorina, Jr.

13 Assemblywoman Shelley Mayer

14 Assemblywoman Patricia Fahy

15 Assemblyman Steven Otis

16 Assemblywoman Jo Anne Simon

17 Assemblywoman Diana C. Richardson

18 Senator James Sanders, Jr.

19 Assemblyman Joseph S. Saladino

20 Assemblywoman Yuh-Line Niou

21 Assemblywoman Stacey Pheffer Amato

22 Senator Elaine Phillips

23 Assemblywoman Monica P. Wallace

24 Assemblyman Edward C. Braunstein

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4 PRESENT: (Continued)

5 Senator John E. Brooks

6 Assemblyman David Buchwald

7 Assemblyman Brian P. Kavanagh

8 Assemblywoman Crystal D. Peoples-Stokes  
 9  
 10

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15 Scott M. Stringer  
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19 Honorable Kathy M. Sheehan  
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21 Honorable Lovely A. Warren  
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22 City of Rochester 346 353

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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 fiscal year  
6                   2017-2018. The hearings are conducted  
7                   pursuant to Article 7, Section 3 of the  
8                   Constitution and Article 2, Sections 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                  In the interests of time and  
16                  fundamental fairness to the other witnesses  
17                  who have been scheduled to speak, limits on  
18                  the questions and overall time period will be  
19                  implemented for the first witness, Mayor de  
20                  Blasio. Any committee member in the seat in  
21                  the room after 11:30 will not be permitted to  
22                  ask questions. For those of you that are  
23                  upstairs in the chambers listening on TV, you  
24                  must be down by 11:30 to ask a question of

1 Mayor de Blasio.

2 All questioning of the mayor will  
3 conclude at 1 p.m. Any additional  
4 questioning and photo opportunities should  
5 then take place outside of the hearing room,  
6 to allow us to promptly continue with the  
7 next scheduled witness.

8 I will now introduce members from the  
9 Assembly and Senator Young, chair of the  
10 Senate Finance Committee, will introduce  
11 members from the Senate.

12 We have with us -- I'm going to get as  
13 many as I can and then we'll do it as I catch  
14 you later -- Assemblywoman Rozic, Assemblyman  
15 Mosley, Assemblyman Aubry, Assemblyman  
16 Carroll, Assemblywoman Seawright, Assemblyman  
17 Benedetto, Assemblyman Weprin, Assemblywoman  
18 Nolan, Assemblyman Cusick, Assemblywoman  
19 Simon, and Assemblywoman Hooper. Those that  
20 I missed, I'll catch later.

21 Senator.

22 CHAIRWOMAN YOUNG: Thank you very  
23 much, Mr. Chairman.

24 And I'm delighted to be here today,

1           and I welcome everyone to these proceedings.  
2           I am joined by several of my colleagues. I  
3           have Senator Diane Savino, vice chair of the  
4           Senate Finance Committee. Also we are joined  
5           by Senator Simcha Felder, who serves as chair  
6           of the Cities Committee, and also Senator  
7           Kathy Marchione, who is chair of the Local  
8           Governments Committee. In addition to that,  
9           we also are joined by Senator Elaine  
10          Phillips.

11                   And I would turn things over to my  
12          colleague who is the ranking member on  
13          Finance, and that's Senator Liz Krueger, to  
14          introduce the members in her conference.

15                   SENATOR KRUEGER: Good morning,  
16          everyone. I am also joined by my colleague  
17          Senator Roxanne Persaud from Brooklyn and  
18          Senator Daniel Squadron from Brooklyn and  
19          Manhattan.

20                   Thank you. Welcome.

21                   CHAIRMAN FARRELL: Assemblyman Oaks.

22                   ASSEMBLYMAN OAKS: Yes, we're also  
23          joined by Assemblywoman Malliotakis and  
24          Assemblyman Castorina.



1                   CHAIRMAN FARRELL: Good morning.

2                   MAYOR DE BLASIO: Good morning.

3                   CHAIRMAN FARRELL: Welcome.

4                   MAYOR DE BLASIO: Ready to go?

5                   CHAIRMAN FARRELL: Yup, go ahead.

6                   MAYOR DE BLASIO: Okay, thank you.

7                   Well, I want to thank everyone, and  
8 particularly thank the chairs for the  
9 opportunity to be here today. Senator Young  
10 and Assemblymember Farrell, thank you for  
11 your leadership of this joint hearing. And I  
12 want to also thank your ranking members,  
13 Senator Krueger and Assemblyman Oaks.

14                  I want to say, on behalf of the people  
15 of the city, a thank you to the legislative  
16 leadership across the board. To Speaker  
17 Heastie and Majority Leader Flanagan,  
18 Democratic Conference Leader Stewart-Cousins,  
19 IDC Conference Leader Klein, Assembly  
20 Minority Leader Kolb, and all the members of  
21 the State Legislature here and across the  
22 board, thank you for your partnership and  
23 your support for the people of New York City.

24                  I want to thank two members of my team

1       who will be joining me and will participate,  
2       as warranted, in the Q&A. Of course you know  
3       them both, Dean Fuleihan, our director of New  
4       York City Office of Management and Budget,  
5       and Sherif Soliman, the city's director for  
6       state legislative affairs.

7               I want to say up front that the  
8       Legislature has been a crucial partner, and  
9       that is important to all the work we do on  
10      behalf of the people of New York City. And  
11      of course we are all in this together:  
12      New York City, and all the ways that we  
13      attempt to contribute to the larger State of  
14      New York and all the ways that the State of  
15      New York works with us. This is part of a  
16      continuum, and we see our role as continuing  
17      to be an economic engine for the state as a  
18      whole and for the region. And obviously we  
19      are the state's primary gateway to the rest  
20      of the world, and we know we have to play  
21      that role well.

22              I think it's fair to say that the City  
23      of New York can only reach its full potential  
24      with the support of the State of New York. I

1       also think it's fair to say that New York  
2       State succeeds when New York City succeeds,  
3       and New York City succeed when New York State  
4       succeeds. It's a truly symbiotic  
5       relationship.

6               And at this moment I can say and I'm  
7       happy to report to you that New York City is  
8       succeeding most clearly in the vein of  
9       economic growth. In the last two full years  
10      for which we have full information, 2014 and  
11      2015, New York City created more jobs itself  
12      than all but four states in the country, and  
13      that helped push forward New York State's  
14      overall gains in terms of economic growth and  
15      job creation. And of course New York City  
16      accounts for almost 43 percent of the state's  
17      total population, 46 percent of the state's  
18      jobs, and 60 percent of the state's tax  
19      revenue.

20             So we are very happy to play those  
21      roles, but we also know we have profound  
22      challenges and issues we have to address in  
23      terms of our 8.5 million people. Examples  
24      are clear: 58 percent of New York State's

1 Medicaid recipients live in New York City, 53  
2 percent of the state's free and  
3 reduced-price-lunch students attend school in  
4 New York City. So we have some of the most  
5 powerful ways of contributing to the state;  
6 we also have some of the biggest challenges  
7 in the state.

8 We're investing, in our latest budget,  
9 in the people of our city, but at the same  
10 time we're demanding savings from our city  
11 agencies. We're setting aside unprecedented  
12 reserves, and we're spending within our  
13 means. I'm proud to say that just last week,  
14 one of the rating agencies, Moody's, noted  
15 that our "diverse, vibrant economy drives  
16 growth needed to keep pace with fixed costs,"  
17 and gave us a very positive review of our  
18 fiscal standing.

19 Now, we have to continue our economic  
20 strength and our economic growth for the good  
21 of all. And we face a variety of challenges,  
22 but we are prepared to address them head-on.  
23 We also know that we have to ensure, for all  
24 of you, that when we ask for state assistance

1           that we can show you we're getting the  
2           maximum impact from that state assistance and  
3           the maximum bang for the buck.

4                     Examples are clear. You, all the  
5           members of the Legislature, played a crucial  
6           role in allowing us to build out our pre-K  
7           program. Now 70,000 4-year-olds are enrolled  
8           in pre-K, and we're making sure that that  
9           investment pays off. Again, I want to offer  
10          my profound thanks on behalf of the parents  
11          of the City of New York in allowing us to  
12          achieve this success. This is part of a  
13          bigger initiative called Equity and  
14          Excellence to fundamentally alter and improve  
15          our school system, and we've already seen  
16          results with higher graduation rates and  
17          higher test scores. And we believe those  
18          trends will continue because of these  
19          investments.

20                    So that's an example of state support  
21          that's having a real and tangible impact in a  
22          very efficient manner.

23                    I also want to say, in terms of  
24          affordable housing, we are ahead of schedule

1           in our initiative to build and preserve  
2           200,000 affordable apartments, enough for  
3           half a million people. Already, over three  
4           years of this plan, 62,000 apartments have  
5           been either financed and built or preserved  
6           already. And that immediately is enough  
7           affordable housing for almost 200,000 New  
8           Yorkers. That is the most affordable  
9           apartments -- particularly in the last year,  
10          the most affordable apartments created or  
11          preserved in a single year since the time a  
12          quarter-century ago, that we have set a  
13          record for the last quarter-century for the  
14          pace of that production.

15                 Finally, I want to note, in the vein  
16          of impact, that your support has been part of  
17          our ongoing effort to make the City of New  
18          York the safest big city in America. We're  
19          proud to say that the numbers have come in  
20          for 2016, and once again we've seen a  
21          reduction in crime across the board in New  
22          York City, while we've improved the  
23          relationship of police and community through  
24          our Neighborhood Policing initiative.

1 Another example of investments that have  
2 consistently paid off.

3 Now, we're going to continue our  
4 efforts to keep our city's economy vibrant  
5 and strong, and this is consistent in the  
6 fiscal '18 preliminary budget that I  
7 presented last week. A few examples I want  
8 to offer you. We obviously know that for our  
9 continued efforts on public safety, to  
10 succeed we need to keep training and  
11 equipping our police officers more  
12 effectively. So we're investing  
13 \$10.4 million to install bullet-resistant  
14 windows in every NYPD patrol car.

15 We know the city succeeds when people  
16 can afford to be there, and we know we have a  
17 particular obligation to those residents who  
18 live in public housing -- over 400,000 New  
19 Yorkers -- and we have to provide them safe  
20 and secure housing. The City of New York has  
21 made a commitment to invest \$1 billion over  
22 the next 10 years to fix the roofs at 729  
23 NYCHA buildings that have been found to have  
24 leaks that cause health problems for the

1 residents. This will allow us to reach  
2 literally all of the buildings that have  
3 serious roof problems causing health concerns  
4 for residents.

5 We know we succeed when our students  
6 have the right environment to learn in and  
7 are not subjected to overcrowding. And we  
8 know overcrowding has been a particular  
9 concern for members of the Senate and the  
10 Assembly from New York City.

11 So we're tackling the problem head-on  
12 by investing an additional \$495 million to  
13 build 38,000 new school seats, part of the  
14 next five-year plan. That total cost will be  
15 \$4.6 billion. Again, by creating 38,000 new  
16 school seats, we will substantially address  
17 overcrowding issues.

18 Finally, we know that investment in  
19 infrastructure is absolutely necessary to  
20 sustain economic growth, so we're fully  
21 funding \$303 million worth of construction on  
22 the Brooklyn and Queens stretch of the 3rd  
23 Water Tunnel. Nothing more importantly,  
24 obviously, than providing clean and safe



1 water to our residents and having redundancy  
2 against all potential challenges.

3 3rd Water Tunnel, the foundation is  
4 built, meaning the tunnel itself is in place.  
5 It will be filled by the end of this year  
6 with water, will be operational and  
7 available, redundancy in the event of an  
8 emergency, and then the additional work to  
9 add shafts and other elements will be done  
10 with the \$303 million.

11 So when it comes to what we're able to  
12 do with our resources and with your support,  
13 we feel confident about the progress we're  
14 making. But where we feel real uncertainty  
15 is on the federal front. And we know that  
16 those uncertainties are sharp and profound.

17 Already, of course, we've seen new  
18 policies that lead us to be very concerned  
19 about their impact on the people of New York  
20 City -- just last week, of course, the  
21 executive order on immigration, which has  
22 raised a host of concerns, and which I  
23 believe fundamentally runs contrary to the  
24 values of New York City. We believe we will

1           be on a firm legal footing to challenge it  
2           and will do so as needed.

3                   But this is only a beginning. The  
4           great concern we have ahead, of course, is on  
5           the budgetary front. What will the impact of  
6           proposals from the Trump administration and  
7           Republican Congress be in terms of potential  
8           cuts to services and funding that the federal  
9           government currently provides? This is a  
10          great unknown that will have a huge impact on  
11          not only the city budget but of course on the  
12          state budget that you're debating right now.

13                   One crucial example that we all are  
14          concerned about, we do not know what  
15          direction efforts to repeal the Affordable  
16          Care Act will take. ACA now covers  
17          1.6 million New York City residents. Changes  
18          to the Affordable Care Act or cuts to  
19          Medicaid would have an enormous impact on  
20          both the well-being of our people and on our  
21          ability to fund our public hospital system,  
22          our Health and Hospitals Corporation.

23                   Of the 1.2 million patients who depend  
24          upon our public hospital system, 30 percent

1       are currently uninsured, and 45 percent are  
2       on Medicaid. Should the ACA be repealed, we  
3       believe that up to 200,000 of our public  
4       hospital patients could lose their insurance,  
5       not only endangering their health but  
6       potentially cost our public hospital system  
7       hundreds of millions of dollars in revenue.

8               So we're quite clear that any actions  
9       taken in Washington could create real pain  
10      for both state and city government. And  
11      that's why it's so important that we -- and  
12      we ask your support in making sure that the  
13      state budget insulates and protects local  
14      governments and our work given these great  
15      uncertainties.

16             I want to comment briefly on the State  
17      Executive Budget, where we certainly see some  
18      very good news but also some areas of  
19      concern. In terms of education, the City of  
20      New York certainly appreciates deeply that  
21      the new Excelsior Scholarship Program, when  
22      added to existing tuition assistance  
23      programs, promises to further ease tuition  
24      costs for low- and middle-income students in

1           our state.

2                   We're also gratified to see continued  
3           support for the DREAM Act, which is  
4           particularly important at this moment in  
5           history.

6                   The Executive Budget continues the  
7           commitment to cap local Medicaid costs and  
8           assumes control of Medicaid administration.  
9           We certainly appreciate and support that.  
10          This will save the City of New York  
11          \$130 million. We appreciate this commitment,  
12          and we know that the city can assist the  
13          state in Medicaid reimbursements without the  
14          specific \$50 million New York City mandate  
15          that was added in this budget.

16                  There's a three-year extension of  
17          mayoral control in the Executive Budget. I  
18          think it's fair to say that educators,  
19          business leaders, and civic leaders alike  
20          have called for a multiyear renewal. There's  
21          a strong and bipartisan consensus on this,  
22          and let's resolve to address this issue right  
23          away through the budget process.

24                  I'm obviously pleased to see election

1 reform in the Executive Budget. I want to  
2 thank the Assembly for passing an election  
3 reform package last year including early  
4 voting, which is absolutely necessary given  
5 the realities of modern lives and people's  
6 schedules. Early voting and same-day  
7 registration are fundamental reforms we need  
8 to improve the democratic process.

9 I continue to support Raise the Age  
10 and know we'll be a better and fairer state  
11 if we get this done. While we wait for  
12 legislative reform in this area, my  
13 administration has already made a commitment  
14 to move 16- and 17-year-olds off of Rikers  
15 Island.

16 I'm also pleased the Governor  
17 announced support for speedy trial reform.  
18 New Yorkers deserve their day in court, and  
19 the principles of fairness and justice demand  
20 that we ensure that day in court as  
21 expeditiously as possible.

22 I'd like to commend Speaker Heastie  
23 for his leadership on this issue, as well as  
24 members of the Assembly Democratic Conference

1           for championing these issues.

2                   I also support changes to our bail  
3           system that would reduce our reliance on  
4           money bail and would allow judges to consider  
5           whether a defendant poses a danger to the  
6           community when making bail determinations.

7                   New York City has expanded supervised  
8           release so that 3300 individuals a year can  
9           be safely supervised in the community instead  
10          of being detained. Detaining those who  
11          actually pose a risk and releasing those who  
12          can safely remain in the community, doing  
13          both those things is good public policy, and  
14          I look forward to working with you on these  
15          issues during the session.

16                   I now want to talk about the larger  
17          economic reality of our city and how this  
18          state budget affects us. We're still dealing  
19          with extraordinary challenges in terms of  
20          affordability in our city and income  
21          inequality that is widespread. This is a  
22          problem everywhere.

23                   I think everyone was struck by the  
24          recent Oxfam report that made clear that

1       eight individuals possess as much wealth as  
2       one-half of the residents of this globe. And  
3       we also know that the wealthiest among us  
4       have every reason to expect a major new tax  
5       break at the federal level, given the  
6       proposals already put forward by President  
7       Trump and the Congress.

8               We think, in light of the fact that  
9       the wealthiest will be receiving a  
10      substantial federal tax break, that it's time  
11      that they pay their share in state and local  
12      taxes. So I join the Assembly majority's  
13      push to extend and deepen the millionaire's  
14      tax. This is critical to all that we are  
15      trying to do to improve our economy and  
16      support our people.

17             For similar reasons, I believe the  
18      time is now ripe to enact a mansion tax for  
19      New York City high-value home sales. That  
20      means homes that start with a sales price of  
21      \$2 million or higher. The people who would  
22      be affected can certainly afford this  
23      additional tax, and the revenue would be used  
24      to keep 25,000 senior citizens in their homes

1 at an affordable level. So this would be an  
2 additional 25,000 senior citizens who would  
3 get affordable housing as a result of this  
4 proposal.

5 Moreover, in this uncertain federal  
6 climate, identifying local revenue sources  
7 for affordable housing preservation is  
8 paramount. I think it's fair to say one of  
9 the areas most threatened by potential  
10 federal budget cuts is affordable housing,  
11 public housing, Section 8 -- all of the  
12 things that so many of our residents in  
13 New York City and across the state depend on  
14 to be able to afford to live.

15 Now, a few areas of concern that the  
16 City of New York has with the State Executive  
17 Budget. First, we're concerned about the  
18 421-a tax abatement program. We worked hard  
19 with so many of you to eliminate the old and  
20 broken version of the 421-a program, which  
21 subsidized luxury housing without enough  
22 affordable housing in return.

23 We advanced a proposal in 2015 that  
24 set forth some clear principles for what



1           421-a should look like. One, more  
2           affordability per city tax dollar spent.  
3           It's a matter of fairness to our taxpayers.  
4           Two, that we could no longer subsidize luxury  
5           housing. And three, if a developer got a tax  
6           exemption anywhere in New York City, they had  
7           to provide affordable housing in return.  
8           Those were the core principles.

9                     The state's current proposal  
10           represents a departure from these principles.  
11           To illustrate, if the old, broken 421-a  
12           program was extended, the per-unit subsidy  
13           would have been \$614,000 and likely would  
14           have produced only 12,400 affordable  
15           apartments over 10 years.

16                    By contrast, our proposal from 2015  
17           had a per-unit subsidy of \$421,700 and would  
18           have produced almost twice as much affordable  
19           housing: 25,500 affordable apartments --  
20           enough, on average, for over 75,000 New  
21           Yorkers. In other words, it meant fewer  
22           taxpayer dollars spent for each apartment and  
23           more affordable housing created.

24                    Now, in the state's current proposal,

1       the per-unit subsidy would be \$544,300 and  
2       produce 21,750 affordable apartments over 10  
3       years. In other words, more than \$100,000  
4       per unit above the cost of our proposal, with  
5       less affordable housing.

6               Now, we're concerned by the additional  
7       costs imposed by the state's current  
8       proposal. But we obviously look forward to a  
9       conversation on how we can work together.

10              That being said, we're even more  
11       concerned with the potential expansion of any  
12       condominium program as negotiations proceed.  
13       And we're concerned that we not creep back in  
14       the direction of the old and broken system.

15              We are particularly adamant that we  
16       cannot support a plan that reverts back to  
17       subsidizing luxury condominiums. Costs will  
18       balloon in that instance without improving  
19       affordability, which is the core objective of  
20       the program. And we'd have to ask at that  
21       point whether we were repeating mistakes of  
22       the past and spending taxpayer dollars to  
23       subsidize luxury housing, which I think it's  
24       fair to say our taxpayers would not approve

1           of.

2                   A second area of concern is education.

3           There appears to be an effort to eliminate

4           the state's commitment to fully fund the

5           shortfall in aid owed to high-need school

6           districts all over the State of New York.

7           Almost a decade ago, the state charted a

8           course of reform in how school aid was

9           allocated. After lawsuits, a study

10          commission, a financial crisis and many

11          budgets later, this vital commitment has yet

12          to be completely fulfilled.

13                   The state must continue its commitment

14          to funding the Campaign for Fiscal Equity

15          settlement. Now, the city is doing its part.

16          Since 2008, the city's share of education

17          spending has increased from 49 percent to 57

18          percent, while the state share has declined

19          from 41 percent to 37 percent. The state

20          shortfall is currently \$1.6 billion.

21                   We are doing our part to provide

22          equitable funding to our schools, but we need

23          the state's partnership, and we need the

24          state to do more.

1           When I came into office, many schools  
2           were at just 81 percent of the fair student  
3           funding level, and the citywide average was  
4           88 percent. Over two years, with your help,  
5           with the help of state assistance, we  
6           increased the citywide average to 91 percent,  
7           with no school below 87 percent of the  
8           formula.

9           All, by the way, all of our Community  
10          and Renewal Schools are at 100 percent of  
11          their fair student funding level.

12          Now, if the state provides a similar  
13          increase in education aid as it did over the  
14          last two years, we intend to go to a citywide  
15          average of 92.5 percent, with no school below  
16          90 percent next year. And with the state's  
17          continuation of the commitment to CFE, the  
18          city has committed to raising all schools to  
19          a minimum of 100 percent by fiscal 2021.

20          On another front, the state is  
21          proposing a much-needed consolidation of the  
22          administration of grant funding for pre-K.  
23          We support the goals of streamlining to  
24          address the administrative burden on school

1 districts that come with complying with  
2 separate funding structures, standards, and  
3 reporting requirements.

4           However, the proposal also plans to  
5 cut the per-seat rate at a cost of  
6 \$34 million, or the equivalent of 3400 pre-K  
7 seats in New York City. The state has made a  
8 giant leap forward over the last years in  
9 supporting pre-K, but this proposal and this  
10 proposed cut is a leap backwards and counter  
11 to all the progress that we've made, with  
12 your partnership, in ensuring that 70,000  
13 4-year-olds had full-day, high-quality pre-K.  
14 This rate cut should not go forward.

15           Additionally, the state is proposing  
16 to increase and shift charter school costs it  
17 has been paying previously. The proposal  
18 strips state support away from charter  
19 schools and transfers this cost to school  
20 districts abruptly, and to an exorbitant  
21 degree. For New York City alone, this would  
22 mean \$198 million less funding for our  
23 schools.

24           If the state chooses to enact this

1       increase in funding for charter schools, then  
2       it should cover the costs and fund it  
3       separately from our basic school aid, as it  
4       has for the past four years.

5               The Executive Budget also removes the  
6       geographic cap on charter schools in New York  
7       City. The Legislature recently raised the  
8       cap, and there are currently 30 charters  
9       available for New York City, in addition to  
10      29 schools already approved to open. This is  
11      ample, and there is no need to raise the cap  
12      at this time.

13             Third, there are several cuts in the  
14      State Executive Budget that are going to have  
15      an effect on thousands and thousands of  
16      New Yorkers. These cuts include, first of  
17      all, a \$32.5 million cut through fiscal '18  
18      for public health programs, chipping away at  
19      the long history of state partnership in  
20      health funding in areas including disease  
21      control and emergency preparedness,  
22      particularly related to our efforts against  
23      Zika, maternal and child health programs,  
24      such as the Newborn Home Visiting program,

1 HIV prevention activities, school-based  
2 health services, Naloxone education and  
3 distribution to address the opioid crisis,  
4 and public health campaigns on anti-smoking  
5 and obesity-related illnesses.

6           There is a cut of almost \$66 million  
7 through fiscal '18 with the shift of state  
8 costs for the education and care provided to  
9 8,900 foster-care youth. There's a cut of  
10 \$25.5 million through fiscal '18 through the  
11 reduction of senior center funding, affecting  
12 65 neighborhood programs for seniors serving  
13 over 6,000 seniors per today. And there's a  
14 cut of almost \$30 million through fiscal '18  
15 with the elimination of the state share in  
16 funding services for more than 800 special  
17 education students who have highly  
18 specialized needs. These are key areas of  
19 need for the city that the budget does not  
20 address.

21           A couple more points. I want to say  
22 we must all together note the glaring and  
23 inexplicable omission of New York City in the  
24 design-build authorization in the budget.

1       The Executive Budget extends and expands  
2       design-build for state agencies, state  
3       authorities, and counties outside of New York  
4       City.

5               According to a 2016 report by the  
6       Empire State Development Corporation, which  
7       evaluated projects in New York State,  
8       design-build accelerated dozens of projects  
9       and saved taxpayers billions of dollars. If  
10      the city also had access to this tool,  
11      similar benefits would be realized. Our  
12      capital agencies have identified \$7.3 billion  
13      in projects, with around \$450 million in  
14      immediate savings for our taxpayers.

15             If the rest of New York State has  
16      access to design-build, New York City  
17      certainly should as well, as a matter of  
18      common sense.

19             Now I'd like to discuss for just a  
20      moment the homeless crisis facing New York  
21      City, and I want to be clear up-front that my  
22      administration is fundamentally dissatisfied  
23      with the current homelessness situation in  
24      our city. Next month we will be announcing a



1 new, comprehensive vision for addressing it.

2 Homelessness has been a growing  
3 problem in our city for decades and only got  
4 worse in the years since 2011, when the  
5 Advantage rental assistance program was  
6 canceled. There's much more to do, and we  
7 have made meaningful progress, however, over  
8 the last three years.

9 Without our new initiatives, we  
10 project, instead of the 60,000-plus people  
11 who are in shelters now, that that number  
12 would be over 70,000. We have evidence that  
13 some of our initiatives are working more  
14 consistently, including the fact that our  
15 anti-eviction legal services program has  
16 helped to reduce evictions by 24 percent  
17 since 2013.

18 We know our new HOME-STAT initiative,  
19 the most comprehensive program to address  
20 street homelessness anywhere in the United  
21 States, which began last year, has already  
22 brought 690 individuals off the streets and  
23 into safer surroundings where they can get  
24 support.

1           Of course, the best way to address  
2           homelessness is to prevent it from happening  
3           in the first place. That's why I'm pleased  
4           to support Assemblyman Andrew Hevesi's Home  
5           Stability Support proposal, which deserves  
6           serious consideration in this budget process.

7           Home Stability Support would create a  
8           statewide, primarily state-and-federally-  
9           funded rental subsidy program designed to  
10          keep people in their homes and out of the  
11          shelter. It recognizes the state's  
12          responsibility in providing rental assistance  
13          and provides an option to local governments  
14          to go even farther in their own efforts. And  
15          I will tell you right now, rest assured that  
16          New York City will do its share if this  
17          initiative is passed.

18          I look forward to working with all of  
19          you and Assemblyman Hevesi to ensure that the  
20          final product is one that can have an  
21          immediate impact on people's lives while not  
22          imposing an unfunded mandate on local  
23          governments.

24          I want to turn for a moment to the

1       Memorandum of Understanding on housing that  
2       would unlock \$2 billion in housing funding  
3       authorized in last year's state budget.

4       Housing is the single biggest expense for our  
5       residents, and we welcome additional  
6       affordable homes financed by the state as we  
7       continue to work together to meet the needs  
8       of so many New Yorkers who are one paycheck  
9       away from not being able to afford their rent  
10      or their mortgage.

11               Negotiating and signing the MOU is  
12      also critical because it would facilitate the  
13      production of supportive housing units that  
14      offer residents an apartment and services to  
15      keep their lives on track and help us to  
16      fundamentally address the problem of  
17      homelessness.

18               My administration announced a  
19      commitment to fund 15,000 apartments for  
20      supportive housing over the next 15 years,  
21      the largest commitment ever made by the City  
22      of New York. We've budgeted the necessary  
23      resources, and our first 550 apartments will  
24      be available this year for people in need.

1 Over the next five years, New York City will  
2 produce 4,000 apartments that will address  
3 the needs of our most vulnerable residents  
4 and have a direct impact on reducing our  
5 shelter population.

6 But we have a related concern when it  
7 comes to public housing. While the city has  
8 made a very substantial commitment to capital  
9 improvements for public housing -- as I  
10 mentioned, \$1 billion committed to fix the  
11 roofs in over 700 buildings -- the current  
12 total from the state falls short. And we ask  
13 your assistance in providing help to the  
14 400,000 people who live in public housing. I  
15 want to take a moment to thank Speaker  
16 Heastie and the Assembly Democratic  
17 Conference for fighting to add to that  
18 funding.

19 As I wrap up, I want to underscore the  
20 importance of partnering with you and with  
21 all community leaders to address the housing  
22 crisis. As I said, in February I will  
23 present a comprehensive vision related to  
24 homelessness. And one thing that we will do

1 as part of that vision is address a concern  
2 that many of you have raised about community  
3 notification. We will include a notification  
4 process for you and for community leaders  
5 that will be implemented immediately upon the  
6 announcement next month.

7 And post-notification, we'll proceed  
8 with meaningful community engagement, one  
9 that facilitates dialogue between city  
10 officials, elected officials, and community  
11 leaders, ensuring there's a clear framework  
12 and timeline for any shelter opening, and  
13 making sure that we're connecting shelter  
14 residents to the schools and jobs and  
15 community supports they need while addressing  
16 the concerns of neighborhood residents at the  
17 same time.

18 I want to conclude my testimony by  
19 reflecting on how much of all of our work is  
20 happening under clouds of uncertainty. As a  
21 result of the new administration in  
22 Washington, we all must live with the  
23 possibility that many things will change, and  
24 very much in unexpected ways. I think the

1 events of the last 48 hours certainly  
2 illustrate that.

3 I can assure you that no matter what  
4 happens in Washington, New York City will do  
5 its part to remain a growing and vibrant  
6 economic anchor for our region and our state.  
7 But in the face of this unprecedented  
8 uncertainty from the federal level, your  
9 partnership is more important than ever. And  
10 now more than ever, it is important to  
11 remember a simple truth in terms of the  
12 relationship between New York City and New  
13 York State: We are all in this together.

14 Thank you, Chairs, for the opportunity  
15 to be here.

16 CHAIRMAN FARRELL: Thank you.

17 We've been joined by Assemblywoman  
18 Wright, Assemblywoman Wallace, Assemblywoman  
19 Pheffer Amato, Assemblywoman Richardson,  
20 Assemblywoman Bichotte, Assemblyman  
21 Braunstein, and Assemblyman Buchwald.

22 ASSEMBLYMAN OAKS: We've also been  
23 joined by Assemblyman Saladino.

24 CHAIRWOMAN YOUNG: Thank you very

1 much.

2 And we've also been joined by Senator  
3 Golden, Senator Hamilton, Senator Sanders,  
4 and Senator Hoylman.

5 CHAIRMAN FARRELL: And to question,  
6 Michael Benedetto, chair of the Cities  
7 Committee.

8 ASSEMBLYMAN BENEDETTO: Thank you,  
9 Denny.

10 Good morning, Mr. Mayor. Thank you  
11 for being here. Always a pleasure.

12 MAYOR DE BLASIO: Thank you.

13 ASSEMBLYMAN BENEDETTO: I have three  
14 questions, and I'll try to ask them quickly,  
15 and I hope we can get a quick answer so I can  
16 get them in.

17 You mentioned that you want  
18 design-build to be part of New York City, and  
19 I tend to agree with you. However, some of  
20 the problems we had with design-build was  
21 allaying the fears of women- and  
22 minority-owned businesses, labor unions.  
23 Could you tell me about your efforts in those  
24 areas and what you have done to improve our

1 chances of getting this bill passed?

2 MAYOR DE BLASIO: The simple, fast  
3 answer, we've made a clear 30 percent  
4 commitment in terms of MWBEs for all  
5 contracting. We're going to need your help  
6 with some of the legislative elements that  
7 would help us to speed that effort. But the  
8 City of New York is now committed to a 30  
9 percent goal in all contracting for MWBEs.

10 In terms of labor, as I think you've  
11 seen, Assemblyman, we have signed PLAs with  
12 labor unions, for example, for public housing  
13 that are unprecedented and prove that we can  
14 create a very positive, cooperative framework  
15 for labor having a substantial core role in  
16 so much of the work we do. We'd like to see  
17 that continue across everything we do.

18 So I think those are examples of the  
19 direction we're ready to take. The bottom  
20 line on design-build is it will allow for  
21 much faster projects and huge savings, which  
22 will not only allow for fairness for  
23 taxpayers, but it will help us to do even  
24 more. And you know how immense our



1 infrastructure problems are in New York City.

2 So while we're waiting to see what  
3 happens in Washington -- and as we know,  
4 there's a tremendous uncertainty -- one thing  
5 that would help us right now to use our own  
6 resources more effectively is design-build.

7 ASSEMBLYMAN BENEDETTO: Thank you.  
8 Let's hope we get that.

9 New York City passed, Mr. Mayor, a  
10 tax -- you call it a fee -- on plastic bags.  
11 Okay? And while we understand the  
12 environmental concerns and the reasons for  
13 it, we -- at least many of us in the Assembly  
14 have concerns with that and the cost it's  
15 going to be for some of the people who are  
16 rather challenged financially in the City of  
17 New York.

18 We would like to see possibly a  
19 postponement in that bag tax so we can have  
20 hearings on it, possibly develop a  
21 alternative recycling program -- just for  
22 such plastic bags -- that could be good for  
23 the environment and also save our citizens in  
24 the City of New York this nickel tax.

1                   Your view, sir.

2                   MAYOR DE BLASIO: Assemblyman, you  
3                   know we share a common understanding that a  
4                   lot of people in our city are hurting  
5                   economically and struggling to make ends  
6                   meet. I would never belittle that challenge.  
7                   But at the same time, we all face the immense  
8                   challenge of an earth in crisis because of  
9                   climate change and environmental degradation.  
10                  We have to stop taking plastic bags made with  
11                  petroleum products. So they're right there,  
12                  fossil fuels, hurting our environment,  
13                  exaggerating climate change further because  
14                  it's fossil fuels being used, and then adding  
15                  to our landfills, which is bad for the earth  
16                  and costs taxpayers money.

17                  This is the right thing to do to break  
18                  with the status quo that we're in right now.  
19                  Plastic bags no longer have a place in our  
20                  lives. I would not -- I absolutely respect  
21                  your question, but I would not encourage  
22                  delay. We have made clear that we believe,  
23                  with the education efforts and with a  
24                  concerted effort to provide consumers with

1 permanent bags that they can bring to  
2 markets -- as our ancestors did long before  
3 there were plastic bags -- we think that can  
4 solve the problem. And the City Council  
5 initiated this concept, but I was happy to  
6 sign the bill because I think it's about  
7 protecting the earth.

8           So we believe we can get to the core  
9 of your concern that folks of limited means  
10 not end up paying more than they can afford  
11 by giving them the tool that will allow them  
12 to go about their shopping with no additional  
13 cost.

14           ASSEMBLYMAN BENEDETTO: Has anything  
15 been looked into as a possible recycling  
16 program just for such plastic bags? Because  
17 bags we get from the dry cleaner's, for  
18 instance, bags that are given on takeout  
19 foods, they're not going to be included on  
20 this. So we're still going to have this  
21 problem.

22           But if you do have a recycling plan  
23 for those types, maybe we can suit both ends.

24           MAYOR DE BLASIO: I appreciate the

1           thought. I've been down this road on other  
2           issues like Styrofoam. I think we have to  
3           get away from the use of fossil fuels,  
4           period. I think we all know -- maybe there  
5           are some in Washington who deny climate  
6           change, but I think in general in the State  
7           of New York, it's fair to say New York State  
8           and New York City have been leaders in  
9           addressing climate change. And we don't have  
10          any time to waste.

11                 So any product made that's -- any  
12          petroleum-based product is a problem unto  
13          itself. We have to get away from it.  
14          Recycling doesn't solve the problem  
15          sufficiently.

16                 I think if you knew that all of your  
17          constituents would have an opportunity to  
18          have a bag they could use on a regular basis  
19          that did not require plastic bags any longer  
20          and they could go about their lives without  
21          that additional cost, you'd feel comfortable.  
22          That's exactly what we want to achieve.  
23          Between public education and providing the  
24          maximum number of permanent bags, take that

1           economic burden off people but take, most  
2           importantly, the burden off the earth that  
3           threatens us all.

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

6                   You have proposed, I believe,  
7           \$275 million in the budget for the police  
8           firing range down at Rodman's Neck in the  
9           Bronx. What have -- and we thank you for  
10          that, because it's certainly well-needed.  
11          But what have you done to address the  
12          concerns of many of us who are worried about  
13          the pollution, lead pollution that's going to  
14          go -- it's going into the water, and has  
15          been, and possibly avoiding lawsuits about  
16          federal regulations about water pollution?

17                   MAYOR DE BLASIO: I'll start and I  
18          just will say, as with any answer, if my  
19          colleagues want to add some specificity, I'm  
20          sure they'll jump in.

21                   Bottom line vision for the investment  
22          at Rodman's Neck. We have a facility for our  
23          police officers that is absolutely essential  
24          for their ability to use their firearms

1 properly. It is outmoded. We need to  
2 improve firearms training for all reasons,  
3 starting with a terror threat -- and this is  
4 where we'll do more and more effective  
5 active-shooter scenarios for our officers,  
6 which literally is about stopping any act of  
7 terror in progress and protecting both our  
8 residents and our officers alike. These are  
9 scenarios also that will help in everyday  
10 policing in terms of the ongoing effort to  
11 deescalate confrontations and to reduce the  
12 use of firearms to the maximum extent  
13 possible.

14 This training is quintessential to all  
15 we have to do for our city. An improved  
16 Rodman's Neck facility will allow us to do  
17 it.

18 Now, there's been two concerns that  
19 have to be addressed. One, the noise concern  
20 of City Island and surrounding areas. This  
21 will allow us to do that. Two, the pollution  
22 concern. As we modernize the facility, it  
23 gives us a chance to address that concern  
24 head-on.

1                   So I will be able to have our team get  
2                   you details of it, but the notion here is  
3                   that the additional work we'll do at Rodman's  
4                   Neck will allow us to not see any of the  
5                   residue seep -- from the activity seep into  
6                   the water. This is an environmental upgrade  
7                   as well as a sound upgrade.

8                   ASSEMBLYMAN BENEDETTO: There are many  
9                   in the area who, while they applaud your  
10                  attention, might not be satisfied fully with  
11                  that.

12                 Lastly --

13                 MAYOR DE BLASIO: That sounds like all  
14                 New Yorkers, Assemblyman.

15                 ASSEMBLYMAN BENEDETTO: Yes. Yes.

16                 And speaking of not being satisfied,  
17                 and at the risk of having a few on the panel  
18                 here rolling their eyes, I must direct your  
19                 attention to the great City of Co-op, Co-op  
20                 City, with close to 50,000 people in it who  
21                 have many concerns.

22                 I have asked you about numerous  
23                 concerns in regards to the people in Co-op  
24                 City, and I get basically a Reagan-era motto:

1           "Just say no." Can you give me any hope for  
2           the residents of Co-op City?

3                   MAYOR DE BLASIO: We don't tend to --  
4           I don't hear a lot of comparisons to Ronald  
5           Reagan, so this is a unique moment. I know  
6           it's a compliment.

7                   We are having a meeting next week with  
8           leaders of Co-op City to try and address a  
9           number of outstanding issues, the asbestos  
10          issue and other issues. I know Co-op City is  
11          one of the foundations of affordable housing  
12          in New York City. I've spent a lot of time  
13          there. I think the residents' concerns are  
14          real and honest. We're still trying to find  
15          solutions.

16                   But there will be a delegation from  
17          Co-op City meeting with senior members of the  
18          administration -- I'll be a part of that  
19          meeting as well -- I believe it's next week.

20                   ASSEMBLYMAN BENEDETTO: Well, let's  
21          keep it affordable, Mr. Mayor.

22                   MAYOR DE BLASIO: Yes, sir.

23                   ASSEMBLYMAN BENEDETTO: Thank you,  
24          sir.



1                   CHAIRMAN FARRELL: Thank you.

2                   Senator?

3                   CHAIRWOMAN YOUNG: Thank you,  
4                   Mr. Mayor, and welcome to Albany. And we  
5                   certainly are appreciating the fact that  
6                   you're here and that you're actively engaged  
7                   with us.

8                   As chair of the Finance Committee, I  
9                   have several questions that I will go over in  
10                  a few minutes. But at this point I'd like to  
11                  cede my time to Senator Simcha Felder, who is  
12                  the chair of the Cities Committee.

13                  SENATOR FELDER: Good morning,  
14                  Mr. Mayor.

15                  MAYOR DE BLASIO: Good morning,  
16                  Senator.

17                  SENATOR FELDER: Thank you for being  
18                  here.

19                  Last year, on May 4th, you testified  
20                  here before the Education Committee. You  
21                  made a commitment then to the parents of  
22                  special-needs children to finally implement,  
23                  before the start of this school year,  
24                  three-year IEPs for special-needs students

1           that require no changes to their IEPs. That  
2           never occurred.

3           Although you did provide a letter to  
4           my office on May 13th, such policy was not  
5           implemented, and children and families are  
6           still suffering humiliation and financial  
7           hardship to maintain their IEPs by having to  
8           pay lawyers over and over and over again  
9           despite the fact that there are no changes.

10          So the example I gave last time is if  
11          a child has Down syndrome, autism, there's no  
12          fix for that, unfortunately, and there's no  
13          need to force them to do this over and over  
14          again.

15          September 6th of 2016, I requested a  
16          meeting in writing to discuss this critical  
17          issue and received no response. I called  
18          several times after September 6th, received  
19          no response. I wrote again on December 6th;  
20          still no response.

21          Mayor, I'm not hurt or disturbed  
22          personally by your lack of response to me.  
23          In fact, many of my colleagues in government  
24          have told me of similar experiences regarding

1       your office's inattentiveness, not being  
2       responsive. So I know that you share that  
3       same love with many of my colleagues as you  
4       do with me in not responding.

5               But New Yorkers, and especially  
6       families with special-needs children, are  
7       suffering, and they demand your response and  
8       require you to live up to your commitments.

9               And I thank you for the strides and  
10       improvements that you've made, no question  
11       about that. But that doesn't give me or  
12       anyone else a pass on doing what we have to  
13       do to help these families. So I sincerely  
14       hope New Yorkers can count on your  
15       commitments in 2017.

16              MAYOR DE BLASIO: Senator --

17              SENATOR FELDER: I didn't finish.  
18       Let's start fresh in 2017 and hope for the  
19       best.

20              Now, shortly after you made those  
21       commitments, the City Council passed the  
22       controversial bag tax that was referred to by  
23       my colleague by I think a close vote, 28 to  
24       20. Let me be clear. I think New Yorkers

1       are tired of being insulted and lied to. The  
2       debate about the plastic bag tax, fee,  
3       charge, whatever you want to call it, has  
4       nothing to do with whether people care or  
5       don't care about the environment or whether  
6       people care or don't care about climate  
7       change. That is not the issue. I don't  
8       believe there's anyone here that wants to  
9       hurt the environment.

10             The issue is whether we have to be  
11       punitive every time that there is an issue.  
12       And that's the way things go regularly. If  
13       government doesn't have a way to fix  
14       something, no problem: Tax. No problem:  
15       Ticket. No problem: Fine.

16             So the bag tax was scheduled to be  
17       implemented this past October. There was a  
18       postponement. It's quite shocking to me,  
19       based on what the mayor just mentioned to the  
20       Assemblymember, why there would have been  
21       even a short postponement. But after -- and  
22       it went -- it was supposed to be implemented  
23       in October, and instead it was postponed to  
24       February 15th. An overwhelming outcry of

1 New Yorkers opposed to being  
2 nickeled-and-dimed and fined, and my  
3 colleagues and I introduced legislation to  
4 stop it.

5 It was passed in June, then New York  
6 City delayed it to February 15th. And it was  
7 common knowledge at the time that a  
8 commitment was made to the Assembly by you  
9 and the New York City Council to use the  
10 five-month intervening delay to make changes  
11 to the bag tax and possibly work towards a  
12 better solution to protect New Yorkers and  
13 the environment. Let's stop saying that the  
14 only way you can protect the environment or  
15 address climate change is by taxing people.

16 Neither your office or the City  
17 Council tried at all to work out a solution  
18 or a compromise. Strangely, no media  
19 coverage, no publicity on implementation of  
20 the bag tax or a compromise to be worked out.  
21 Nothing. Until late last fall, when notices  
22 were mailed to local retailers telling them,  
23 guess what, the tax is going into effect  
24 February 15th. The commitment made to work

1           on a solution was yet another commitment  
2           ignored.

3                     We're now about two weeks away from a  
4           crisis facing average New Yorkers. And  
5           Mr. Mayor, I'm sure you're familiar with the  
6           saying "Fool me once, shame on you; fool me  
7           twice, shame on me."

8                     So my question, Mr. Mayor, is please  
9           set the record straight. What steps have you  
10          taken to eliminate, reform the onerous tax?  
11          And based on some of the comments you made  
12          earlier, it sounds like you don't want a  
13          postponement because you don't want to make  
14          any adjustments. Did you make -- did your  
15          administration make any adjustments or  
16          attempts to improve this bill during the  
17          five-month postponement that existed?

18                    I'm finished now.

19                    (Laughter.)

20                    MAYOR DE BLASIO: Senator, we -- I say  
21          this with deep respect, and we've known each  
22          other a long time and worked together a long  
23          time. But we just disagree very  
24          substantially on these matters. And I think

1           it's respectful to be blunt about that  
2           disagreement.

3                   I fundamentally disagree that this is  
4           an issue that isn't urgent to address in  
5           terms of climate change. Our entire -- our  
6           city, our state, our nation, we are so far  
7           behind right now where we need to be to  
8           protect our earth, and it's going to have  
9           devastating impacts if we don't address it on  
10          all levels. And what we saw with Sandy is  
11          just an example of things to come.

12                   So we must do this, and we have now  
13          even more urgency, because we don't know  
14          whether the federal government is going to  
15          take a step backwards on addressing climate  
16          change.

17                   So I don't think there's any  
18          contradiction in saying to you that this is  
19          an urgent matter, as are a host of other  
20          things that we are trying to do  
21          simultaneously to address climate change.

22                   Second, as I said to the Assemblyman,  
23          we believe that a combination of public  
24          education and providing consumers with bags

1       that they can use addresses this issue. And  
2       that was true for generations and  
3       generations. Plastic bags as a common part  
4       of our society is a few decades old. I do  
5       not believe it's a matter of unfairness to  
6       people to work us all away from plastic bags.  
7       And I believe if people have permanent bags,  
8       they don't need a plastic bag, they're not  
9       paying anything. And those permanent bags  
10      will be provided for free. A lot of people  
11      have them already.

12               So it is about changing -- all of us  
13      have to change our behavior in a lot of ways  
14      to address this new reality or it will  
15      endanger us and our children and our  
16      grandchildren.

17               So I believe that we said that from  
18      the beginning. The City Council initiated  
19      this, as I said, but we believe they were  
20      working in the right direction. The two  
21      pillars of educating people and providing  
22      them with an alternative are how you address  
23      this issue.

24               One thing I know for sure is the



1 status quo is not acceptable. If we continue  
2 using petroleum-based products on a mass  
3 scale when we don't need them, we're only  
4 exacerbating climate change. We're a very  
5 big market in New York City, we have a very  
6 big impact on the world, and it's our job to  
7 do it differently.

8 On the special education question,  
9 Senator, I -- again, we've had this  
10 conversation before. I will only say my  
11 instruction to all of my employees, whether  
12 in the Albany office or at City Hall, is that  
13 when any member of the Senate or the Assembly  
14 has a concern, we need to be in dialogue with  
15 them immediately, whether it's a sit-down  
16 meeting, a phone call, a letter. I make that  
17 a priority.

18 And I said in the beginning of my  
19 testimony we appreciate all of the  
20 partnership we've had. If you believe  
21 there's a widespread belief among your  
22 colleagues that they are not given the proper  
23 communication, that's what you've heard.  
24 I've heard something very different from a

1           lot of your colleagues. But if anyone here  
2           or any member of the Senate or Assembly feels  
3           they did not get the kind of response they  
4           deserve, I want to fix that.

5                     But I -- the instruction has been  
6           given, and I have plenty of evidence of the  
7           instruction being followed. And I don't know  
8           what's happening in the specific case of the  
9           communication between your office and my  
10          office, and we will work to fix that.

11                    But I disagree with you fundamentally  
12          on how far we have come on special education.  
13          I agreed energetically with the vision of  
14          addressing the original problem of our  
15          parents having to litigate for services they  
16          already deserve. This was something I worked  
17          on as public advocate. I appreciate your  
18          leadership. I think we all got to a very  
19          good place several years ago that actually  
20          started real change, and I've heard from  
21          numerous parents, unsolicited, how much  
22          change has occurred in their lives.

23                    And then you further -- I think  
24          appropriately -- raise the issue of locking

1       in three-year plans when there aren't any  
2       variations in the IEP or the programing to  
3       support the IEP. And I agreed to that,  
4       again, openly, energetically. And that is  
5       being implemented. Not all of it happens  
6       overnight, but it is being implemented.

7               But I can tell you that we have  
8       specific evidence of moving consistently  
9       towards more and more cases being settled  
10      without litigation. That's the order I have  
11      given to our Department of Education. And  
12      we'll get you the chapter and verse on how  
13      that is moving.

14             We also know there are some cases that  
15      are complex. That's a given. You said that  
16      too, I remember, when you offered the point  
17      that you knew not every case was easy and  
18      that there would be cases where there would  
19      be a change in IEP or a change in the needs  
20      of a child year to year.

21             But I agree with the vision you've  
22      laid out, and we are energetically  
23      implementing it. And I think there should be  
24      a battle of facts. I'm happy to have that

1       battle of facts, and we will give you all of  
2       our information, chapter and verse, on what  
3       we're doing.

4               SENATOR FELDER: Well, first of all, I  
5       just want to address the chair that I know  
6       there's a time limit, but obviously the mayor  
7       didn't hear anything I said. Because the  
8       first thing I said was that we're not  
9       debating whether to address climate change or  
10      whether to address the environment. The  
11      question is how to do it. That's the issue.

12             Mr. Mayor, do you know how much a  
13      pound of bread costs today? Do you know how  
14      much a dozen eggs costs a regular family?  
15      Let me tell you, I was in a local shop a week  
16      ago and a mother came in with a few children  
17      and put down whatever she wanted, and they  
18      did not have enough money. And the store  
19      owner said this was the price, and she had to  
20      put back sliced cheese.

21             So again, the issue is not about  
22      protecting the environment. That's --  
23      everybody agrees. The crisis you've  
24      mentioned very clearly. I never said it

1           shouldn't be given priority. You know, when  
2           I got into this business, somebody said when  
3           they ask you questions that you don't want to  
4           answer, you answer whatever you want. You  
5           don't have to talk about what they asked you.

6                   I'm not talking about that. I'm  
7           talking about regular New Yorkers and why the  
8           city has to be punitive all the time. It's  
9           just not fair. Every poll has shown that  
10          most New Yorkers oppose a tax. The question  
11          here now is not whether we have to do  
12          something about the environment. Everyone  
13          agrees. No matter how many times I say it,  
14          you say it, everybody else, we are not going  
15          to make this debate about whether the  
16          environment is or is not important. It is,  
17          period.

18                   How do you get it done? Why can't it  
19          be positive? Why don't you give a nickel  
20          back to New Yorkers for every bag they don't  
21          use? A nickel back, for a change. Reward  
22          positive behavior. Implement the law that  
23          exists for store owners to do what they're  
24          supposed to do for the last 10 years, have

1 recycling bins in front of the stores so that  
2 people can recycle it.

3 What are we doing? We're not taking  
4 the nickel and putting it to protect the  
5 environment. We're giving the store owners  
6 another nickel profit. From who? From poor  
7 and middle-class New Yorkers. So that's not  
8 protecting.

9 Recycle. We educate. Give them back  
10 a nickel. Give them reusable bags. And what  
11 about incentivizing businesses? Patagonia  
12 uses recycled plastic to make clothes. Trex  
13 uses recycled bags to make synthetic lumber.  
14 Why can't New York City? You talked about a  
15 mansion tax before. This is a mansion credit  
16 for the 1 percent. The mayor always talks  
17 about the 99 percent? Well, let me tell you,  
18 this is a 99 percent tax on the 99 percent.  
19 It's a credit for the 1 percent. Because the  
20 people who have limousines, chauffeurs,  
21 nannies are not dragging their groceries,  
22 they're getting them delivered or brought  
23 home by somebody else.

24 It's irrational and it's punitive.

1           The issue is not whether we want to do  
2           something or not do something, the issue is  
3           why New Yorkers have to be overtaxed,  
4           overfined, overticketed, and can't be treated  
5           like mature adults instead of like children  
6           who you decide you can't discipline any other  
7           way and smack them across the face over and  
8           over by charging them -- it doesn't make  
9           sense. It doesn't make sense.

10                   CHAIRWOMAN YOUNG: Thank you. Thank  
11           you, Senator Felder.

12                   CHAIRMAN FARRELL: Assemblyman Cusick.

13                   ASSEMBLYMAN CUSICK: Mr. Mayor --

14                   CHAIRMAN FARRELL: I hope everybody is  
15           watching the clock.

16                   ASSEMBLYMAN CUSICK: I'm watching it  
17           right now, Mr. Chairman. Thank you,  
18           Mr. Chairman.

19                   Thank you, Mr. Mayor, for attending  
20           today. I'm just going to echo quickly what  
21           the two speakers before me said, the chairmen  
22           of our Cities Committee.

23                   As you know, I'm the sponsor of the  
24           bill that companions Senator Felder's in the

1       Assembly. For many of my constituents, it's  
2       just that they feel that rather than going to  
3       a tax first, that they wanted to see that  
4       there are other alternatives that we looked  
5       at. Possibly recycling, if recycling was  
6       looked at.

7               No one is more sensitive to the  
8       environmental issue than I am. I represent  
9       the area that used to have the world's  
10      largest garbage dump. I know the issues of  
11      climate change. I know the issues of what  
12      plastic bags do to our environment. But I  
13      think that many of us feel that there might  
14      be another way to do this, and we'd like to  
15      work with the city to come up with an  
16      alternative that will work for all  
17      New Yorkers.

18             MAYOR DE BLASIO: Assemblyman, I know  
19      you care deeply about the environment and I  
20      know you've seen the effects of climate  
21      change. No place knows that better than  
22      Staten Island.

23             We're always willing to work together.  
24      We feel urgency, and we feel that -- you say



1        recycling. Again, you're still talking about  
2        a petroleum-based product that will be  
3        recycled by some people some of the time.  
4        You and I both know other times it won't be.  
5        So we're going to keep using something that  
6        ultimately is bad for the earth.

7                And look, part of why cities and  
8        localities around the country turn to this  
9        approach is because we have to break out of a  
10       cycle that was harming us. And again, I'll  
11       tell you, when my grandmother came here from  
12       Italy, I'm sure she understood that she could  
13       go shopping without a plastic bag. And she  
14       did that for her whole life. So I'm not  
15       trying to be flip, I'm saying some of this is  
16       about learning some new habits. We're all  
17       learning smaller cars and more fuel-efficient  
18       cars, all sorts of other things are changing  
19       that are making us more able to protect the  
20       earth.

21               But the notion is not to be punitive  
22       in the least. The notion is to just break us  
23       out of a habit, provide people with the  
24       alternative of a permanent bag, do the

1           education we need to. I think it's the best  
2           way to address the problem. But if there's  
3           other good ideas, of course we're always  
4           willing to work together.

5                   ASSEMBLYMAN CUSICK: Right. And I  
6           think what many of us are concerned about is  
7           that there is state law in effect that  
8           mandates supermarkets to have these bins  
9           accessible to people to recycle, and it's not  
10          being done, whether it's the city or the  
11          state. That's something that I know many of  
12          the members of the Assembly and Senate are  
13          looking into. I think that that's what we  
14          want to do, is work together to come up with  
15          -- because people are exhausted. They're  
16          exhausted by constant fees, the fares,  
17          everything. And not that I'm putting that  
18          all on the city or you, Mr. Mayor. But the  
19          issue here is that they just want to know  
20          that there are other alternatives looked at  
21          before we went to a tax. And that's just  
22          what a lot of the folks are relaying to me.

23                   But I just -- I see my time is running  
24          out. I want to also talk, Mr. Mayor, ask you

1           about the alternative exemption for property  
2           taxes for veterans the New York State  
3           Legislature last year passed that would allow  
4           New York City to opt into what's happening  
5           throughout the State of New York. It would  
6           amend and extend the property tax exemption  
7           for veterans.

8                     The City Council could vote to allow  
9           this to happen. I know that it wasn't in  
10          your preliminary budget. I know there's a  
11          price tag to this. I wanted to see, is there  
12          a possibility that this is being discussed to  
13          be in your next stage of budget proposals?

14                    MAYOR DE BLASIO: Assemblyman, we're  
15          definitely going to discuss it in the next  
16          phase. I thank you for supporting this  
17          proposal so strongly.

18                    You know, we've worked together on  
19          making sure there's property tax relief at  
20          times for veterans, and obviously we created  
21          in the City of New York our new Department of  
22          Veterans Services, and we've expanded a lot  
23          of what we're doing to serve our veterans.  
24          So I certainly appreciate this proposal.

1           You're right, there are cost  
2           implications, other implications we have to  
3           look at. But this is something we very much  
4           look forward to working with you and the  
5           Council on as we look ahead to the Executive  
6           Budget.

7           ASSEMBLYMAN CUSICK: And I urge you to  
8           -- if you could put it in the budget, it's  
9           very important. As you know, there are a  
10          quarter of a million veterans throughout New  
11          York City. This is much needed. Again, it  
12          goes to the cost of living in New York City.  
13          And it's something that's very important.

14          And again, it now allows the city to  
15          opt in. And we would just like to see if in  
16          the city budget we could get the funding for  
17          it.

18          MAYOR DE BLASIO: Thank you.

19          ASSEMBLYMAN CUSICK: Thank you,  
20          Mr. Chair.

21          CHAIRMAN FARRELL: Senator.

22          CHAIRWOMAN YOUNG: Thank you very  
23          much.

24          Mayor, I have several questions, as I

1       said. And you know, you unveiled your city's  
2       preliminary budget, I believe last week, and  
3       it continues to assume significant increases  
4       in property taxes. For example, you expect  
5       to receive \$24.2 billion in the city fiscal  
6       year '17, which ends June 30th, from the  
7       general property tax, and \$25.6 billion in  
8       '18, which is an increase of \$1.4 billion, or  
9       5.9 percent.

10               We talk about affordability and  
11       New York City and the fact that homeowners  
12       and commercial property owners are  
13       suffocating in many ways, whether it's  
14       through the bag tax, whether it's through  
15       other fees, but also through property taxes.  
16       And as you know, on the state level we have  
17       limited the growth of property taxes to 2  
18       percent or less. And I was wondering what  
19       you're doing to address this issue. Because  
20       obviously it's always all tied together, as  
21       far as the economy, as far as people having  
22       affordable housing and building owners being  
23       able to stay in business and the whole thing.

24               So could you please address that for

1           us?

2                   MAYOR DE BLASIO:  Yes.  Madam Chair,  
3           first of all, I made very clear now in the  
4           fourth budget that there will not be a  
5           property tax rate increase in New York City.  
6           As you know, this was something that was done  
7           under my predecessor, it's something I've  
8           been very clear I do not agree with.  And we,  
9           four budgets running, have not had a property  
10          tax rate increase.

11                   We're also trying to defray other  
12          costs for homeowners, reducing the rate of  
13          growth of water bills and in fact trying to  
14          get a credit back for homeowners on water  
15          bills, and we're in court right now trying to  
16          move that program forward.

17                   So I'm a homeowner myself, in  
18          Brooklyn.  I certainly feel deeply the  
19          challenges that homeowners face.  The rising  
20          assessments, as you know, as the value of  
21          real estate in New York City has gone up,  
22          have caused a number of homeowners to have to  
23          pay more.

24                   We have to look at the entire system,

1       our entire property tax system. There's a  
2       number of issues that have to be addressed.  
3       I think that's going to be a very intensive  
4       multiyear process. It's one that I'm  
5       committed to, to create a more transparent  
6       and consistent system.

7               So in the meantime, my mission is to  
8       make sure that the rate doesn't go up. My  
9       mission is to see if we can reduce costs  
10      elsewhere, like the water bills, and reduce  
11      some of the unfair fines that homeowners have  
12      suffered from. We've reduced fines in a  
13      number of agencies, many of which were  
14      applied very arbitrarily. But I think the  
15      property tax dynamic is going to need a very  
16      full treatment to be addressed fairly.

17             CHAIRWOMAN YOUNG: Well, thank you for  
18      that. But as you point out, it's the  
19      assessments that are driving the revenues up.  
20      And it's a shell game, because you can say  
21      that I haven't increased the tax rate, and  
22      that's true, but the assessments continually  
23      go up and go through the roof.

24             And you're talking about possibly

1 revamping the tax system, but we had a  
2 lengthy conversation in this very room last  
3 year, and I was wondering when that's going  
4 to happen. Because maybe you could fill us  
5 in on anything that you've done in the past  
6 year to change the tax system. Because as  
7 far as I can tell, nothing has happened.

8 MAYOR DE BLASIO: Two points, Madam  
9 Chair.

10 On the first point, I respect you and  
11 we've worked well together. I respectfully  
12 don't agree with your terminology. I was  
13 part of a city where property tax rates went  
14 up. I assure you, homeowners felt that  
15 deeply. It is a very different issue than  
16 assessments going up. Assessments were going  
17 up at the same time as that rate increase  
18 occurred, so people were hit by both. And  
19 homeowners will tell you, and I'll say it as  
20 one myself, that not having a property tax  
21 rate increase is a very important issue for  
22 everyday homeowners.

23 But on the question of how we will go  
24 forward, I look forward to bringing a



1       specific idea. This is something that is  
2       going to have to be very carefully  
3       constructed. It's going to have to be an  
4       approach that will maximize public input and  
5       transparency but deal with an exceedingly --  
6       as you know better than anyone, an  
7       exceedingly complicated issue of taxation,  
8       and trying to balance all of the different  
9       needs of all the different types of property  
10      owners.

11                Again, a very difficult, intensive  
12      work. It's something I'm committed to doing,  
13      and we'll put forward a specific vision of  
14      how to do that.

15                CHAIRWOMAN YOUNG: Thank you.

16                Switching to education, the state  
17      provides the city with more than \$10 billion,  
18      and most of that is in unrestricted operating  
19      aid. How does the city decide what to use  
20      these funds for, and which schools are they  
21      directed to? And when are we -- I know that  
22      we passed some legislation this past year,  
23      but you're concerned about mayoral control,  
24      and we really need this information.

1                   So could you tell us where the funding  
2                   is going?

3                   MAYOR DE BLASIO: Let me defer in  
4                   terms of the mechanics of how we take in  
5                   state funding and distribute it, to my  
6                   colleagues, starting with Mr. Fuleihan, but  
7                   just say at the outset, I think if I had to  
8                   summarize what I believe you would want us to  
9                   do with the funding, is to continually  
10                  produce better results.

11                  It's a fact -- and it's all based on  
12                  the analysis of the State Department of  
13                  Education -- it's a fact that our graduation  
14                  rates are the highest they've ever been in  
15                  the history of New York City, over 70  
16                  percent. It's a fact that our test scores  
17                  have continued to improve. In fact, our  
18                  English test scores improved in all 32 of our  
19                  school districts in New York City. It's a  
20                  fact we've provided things that are  
21                  foundational to the future, like pre-K for  
22                  all.

23                  So in terms of return on investment, I  
24                  believe we're doing the things you would want

1           us to do, and doing them efficiently. But  
2           I'd like Mr. Fuleihan to talk to you about  
3           specifically how we've taken the funding and  
4           determined its use.

5                     DIRECTOR FULEIHAN: So we -- the mayor  
6           actually -- am I on? Yes. The mayor  
7           outlined, actually, in the opening comments,  
8           in the --

9                     CHAIRWOMAN YOUNG: Dean, could you  
10          pull that a little bit closer?

11                    DIRECTOR FULEIHAN: I apologize.  
12          Better?

13                    CHAIRWOMAN YOUNG: Thank you.

14                    DIRECTOR FULEIHAN: The mayor outlined  
15          in his testimony one of the major uses that  
16          we're doing. And when the mayor called for  
17          meeting the CFE obligation, he pointed out  
18          that we began with really no improvement in  
19          the fair student funding, how we distribute  
20          aid among our schools, and that we are  
21          allocating our dollars, the dollars you  
22          provide us, to reach 100 percent of fair  
23          student funding.

24                    So as you give us an increase, we are

1 committed, and the mayor made that  
2 commitment, to get to a hundred percent.  
3 We're already at a hundred percent on our  
4 Renewal and Community Schools, and we're  
5 willing to do it for every single school.  
6 And those dollars are teachers, directly  
7 teachers in those schools that were neglected  
8 in years past.

9 We also do other mandates -- and we  
10 are happy to give you book and verse on  
11 this -- but English language learners -- for  
12 other poverty-related programs. And we're  
13 happy to go through and delineate every  
14 single one of those dollars, including the  
15 mandates that are imposed on us by the state  
16 that we're happy to comply with.

17 CHAIRWOMAN YOUNG: Thank you very  
18 much. I think that the law says that you  
19 should be giving that information to us.  
20 It's been very difficult to get the specifics  
21 and the breakdown as to where the money is  
22 actually going, especially with particular  
23 schools.

24 The Governor's budget provides --

1                   DIRECTOR FULEIHAN: We will be happy  
2                   to provide whatever information you need on  
3                   specific information, and I'm quite sure we  
4                   do that.

5                   CHAIRWOMAN YOUNG: Great. When could  
6                   we expect that?

7                   MAYOR DE BLASIO: Senator, I just  
8                   wanted -- if I may add, that in addition  
9                   to -- we'll answer any and all of your  
10                  questions, but as Mr. Soliman just reminded  
11                  me, in May that we're going to be providing a  
12                  comprehensive report based on last year's  
13                  discussions here in the Legislature. That's  
14                  going to be coming to you on time.

15                  CHAIRWOMAN YOUNG: Okay, that's great.  
16                  So we should expect that information by May.

17                  MAYOR DE BLASIO: Well, in addition to  
18                  any other specifics you're asking our team to  
19                  put together, we'll happily do for you.

20                  CHAIRWOMAN YOUNG: Okay, great. Thank  
21                  you very much.

22                  I was wondering, too, if you could  
23                  include in that -- and maybe it's included in  
24                  your preliminary budget. But how much of the

1           Foundation Aid increase that goes to  
2           high-needs districts, how much is that --  
3           your Department of Education funding in your  
4           budget going to the individual high-needs  
5           districts? Could you give us an accounting  
6           of that?

7                     DIRECTOR FULEIHAN: We'll give you --  
8           I will get back to you on specifically how  
9           much the total dollar value. What we did  
10          say, and the challenge that we made to you,  
11          was with any increase you give, we would take  
12          those funds and put them towards reaching our  
13          goal.

14                    I will say the mayor also pointed out  
15          that of the Executive Budget that provides us  
16          \$240 million in additional formula-driven  
17          school aid, it then effectively takes away  
18          \$200 million by redirecting it to the  
19          charters.

20                    CHAIRWOMAN YOUNG: How much funding  
21          per pupil does the city provide to its  
22          high-needs districts? Could you include that  
23          in any kind of information that you get to  
24          us?

1                   DIRECTOR FULEIHAN: Yes, we will. No,  
2                   I understood the question.

3                   CHAIRWOMAN YOUNG: And how does that  
4                   compare to the city's funding of its other  
5                   schools? If that could be an element of  
6                   that.

7                   And the other question I had was  
8                   maintenance of effort. So state funding to  
9                   education in New York City has increased at a  
10                  rate of more than one-third faster than the  
11                  city's funding increases, even though the  
12                  city's reserves are at historically high  
13                  levels and the city isn't subject to either  
14                  the 2 percent spending cap or the 2 percent  
15                  property cap, as I pointed out previously.

16                  So I'm wondering why, Mr. Mayor, the  
17                  city hasn't provided additional money for  
18                  education.

19                  MAYOR DE BLASIO: Madam Chair, I think  
20                  it's very important that we compare specific  
21                  facts, and we want to do that with you.

22                  I would say, as I noted in my  
23                  testimony, we believe that the city's  
24                  investment in education has continued to grow

1           constantly. It was true in the Bloomberg  
2           administration, it's true in my  
3           administration with our own city dollars. We  
4           appreciate state support. I think I would  
5           argue that our facts would show you that  
6           additional city investment has grown more  
7           rapidly than additional state investment. So  
8           I'd like us to compare statistics and see if  
9           we're saying the same thing.

10                   CHAIRWOMAN YOUNG: Thank you.

11                   DIRECTOR FULEIHAN: I would just add  
12           that during the tenure of this  
13           administration, we have done, I believe, over  
14           double what the state has committed in actual  
15           direct support to our schools.

16                   And the mayor cited the share  
17           difference. While the state's share of total  
18           support for New York City has actually  
19           declined, the city's share has increased. So  
20           we're now 57 percent, where the state is now  
21           37, and the state used to be in the 40s.

22                   CHAIRWOMAN YOUNG: Thank you. And any  
23           more information you can get us on that would  
24           be helpful.



1           I just wanted to touch briefly on  
2           failing schools. The State Education  
3           Department has determined that JHS 162 failed  
4           to show it was making demonstrable  
5           improvement since it was identified as a  
6           persistently struggling school, which means  
7           that it was performing in the lowest  
8           5 percent of schools for student achievement  
9           for more than 10 years.

10           The state required the placement of an  
11           independent receiver, but your  
12           administration, Mr. Mayor, determined that  
13           the school was not making improvement.  
14           However, under the New York City -- your  
15           Renewal Schools Program, the school was  
16           considered to be improving in that it was  
17           meeting five of its six benchmarks.

18           This will be the fourth school to  
19           close under the city's Renewal Schools  
20           Program. So the questions are, what accounts  
21           for the drastic differences in the  
22           determination of the state finding the school  
23           is not improving and needing an outside  
24           independent receiver to run the school, and

1           your own Department of Education's  
2           determination that the school met five of its  
3           six benchmarks?

4                     Are the city's standards too low?  
5           Because that's quite a discrepancy.

6                     MAYOR DE BLASIO: Again, I respect the  
7           question deeply, Madam Chair, but I would  
8           argue we have a different perspective. A  
9           school can meet the benchmarks, but that  
10          doesn't mean we don't come to the conclusion  
11          that it needs to be closed.

12                    The question of our Renewal School  
13          Program is that a school has to constantly  
14          make progress to the day that it will no  
15          longer be in the program. And there are  
16          dozens of schools in our Renewal School  
17          initiative that we believe are making that  
18          progress, and we look forward to the day when  
19          they graduate out of that status.

20                    There are others that we've already  
21          said either needed to be merged or  
22          consolidated, because they had become  
23          ineffective at their small size, or that we  
24          were already moving to close. And then

1        coming up at the end of this year, we will  
2        announce judgment on the entire remaining  
3        group of schools, which ones we believe have  
4        graduated out of Renewal Schools, which ones  
5        are on the pathway to it, and which ones we  
6        believe are not going to make it and need to  
7        be closed.

8                I think the difference here is that we  
9        felt -- I saw this with my own eyes, I talked  
10       to parents all over the city -- that the  
11       previous approach, which emphasized the  
12       previous administration's strong focus on  
13       closing schools, with unfortunately a lot of  
14       negative impact on kids who were left behind  
15       as the school phased out. That problem  
16       needed to be addressed. Schools that could  
17       be turned around were not being given  
18       sufficient opportunity.

19               We had to go with those problems. And  
20       what we've found with Renewal Schools is we  
21       have seen a real increase in graduation  
22       rates, we've seen a real increase in test  
23       scores, better attendance, a lot of promising  
24       signs. But we're going to look at each one,

1 with, as I said, final judgment happening by  
2 the end of this year.

3 And I said from the moment I announced  
4 the Renewal School Program, I have no problem  
5 closing a school if we've made every effort  
6 over these last few years to address its  
7 needs and turn it around and provide it  
8 better leadership, more master teachers,  
9 et cetera. If that's not enough, move to  
10 closure. If it is enough, that's a huge  
11 thing for the parents and kids of that  
12 community, that a school that was struggling  
13 got back on track rather than disruption and  
14 many unintended consequences that happen with  
15 the closure.

16 So in this one case, we were very  
17 comfortable working with the state on PS 162  
18 to say, you know what, we understand where  
19 the state's coming from, we're happy to work  
20 with that, we were happy to do a closure and  
21 come up with a new plan.

22 CHAIRWOMAN YOUNG: But it just seems  
23 like instead of trying to fix the schools,  
24 that you're opting to close them rather than

1 go to a state receivership.

2 And you were very critical of your  
3 predecessor for closing schools, and you're  
4 talking about how your stance has changed.  
5 And this is a direct quote from November 19,  
6 2015: "Bloomberg opted to condemn schools  
7 rather than fix them, treating closure as a  
8 panacea." And so it just seems that you have  
9 changed your tune quite a bit --

10 MAYOR DE BLASIO: No.

11 CHAIRWOMAN YOUNG: -- and why not fix  
12 these schools?

13 MAYOR DE BLASIO: Again, Madam Chair,  
14 with real respect, I just disagree that there  
15 is a change in my belief. There is not.

16 I believe the previous administration  
17 moved to close too frequently, without  
18 accounting for the unintended consequences  
19 caused by the closure and without a honest  
20 effort to turn around a lot of schools that  
21 could be turned around.

22 The proof will be in the pudding. We  
23 started with 94 schools. We're going to show  
24 you, by the time we get to the end of this

1       calendar year, we'll have an assessment of  
2       which ones have made enough progress and  
3       which ones didn't. And we'll act according.

4               But for every school that we turn  
5       around and get on track without dislocating  
6       all the families and all the students, I  
7       think that's a victory. I think parents  
8       would agree with me. We ultimately work for  
9       our residents and our parents. They don't  
10      want to see a school closed if it can be  
11      turned around. If it can't be turned around,  
12      the parents are the first to agree with the  
13      closure.

14             I think in the case of PS 162, we got,  
15      again, to the point where we agreed with the  
16      state's assessment that we could do something  
17      better, we could come up with a new approach.  
18      And we think it will succeed.

19             But I don't think there's anything  
20      about the statement you read that I disagree  
21      with at this point.

22             CHAIRWOMAN YOUNG: Thank you.

23             And switching gears, I want to talk  
24      about ACS right now. And there have been a

1 lot of press questions and stories about the  
2 ACS and mismanagement, negligence. And the  
3 budget for ACS in 2016 was nearly \$3 billion,  
4 and the total state funding of this was about  
5 \$680 million, which is 23 percent of the  
6 budget. We've had several high-profile cases  
7 of children dying, people not following up  
8 when they are supposed to follow up. And,  
9 you know, there's really a deep cause for  
10 concern because what's happening is that  
11 people are not only getting hurt, but they're  
12 actually dying because of this.

13 And there are several things that I  
14 would like to point out. Seventy-three  
15 percent, or 2,360 cases of the closed ACS  
16 investigations lacked the required minimum  
17 number of manager's reviews. In 68 percent,  
18 or 2,516 cases, of both open and closed  
19 high-priority ACS investigations, a risk  
20 assessment profile was not completed within  
21 the required 40 days. Thirty-two percent  
22 lacked the required number of supervisor's  
23 reviews. Fifty-three investigations were  
24 closed without ACS investigators ever meeting

1           with a child who was allegedly abused. In 22  
2           percent of the investigations, ACS  
3           investigators did not meet with the child  
4           within 24 hours of the abuse allegation. In  
5           26 percent of the investigations, ACS  
6           investigators did not meet with the child the  
7           required number of times.

8                        So obviously there's something wrong  
9           with the system. And the question is, why  
10          shouldn't the state withhold the funding for  
11          the Administration for Children's Services  
12          until you address the situation?

13                      MAYOR DE BLASIO: Madam Chair, I want  
14          to once again respectfully disagree with some  
15          of that assessment. And also even the facts  
16          you cite were based on a look at a small  
17          amount of the work of ACS.

18                      You have a real expert sitting down  
19          the row from you in Senator Savino, who knows  
20          this work very well.

21                      I spent eight years when I was a  
22          legislator in our City Council as the  
23          chairman of the Oversight Committee; I spent  
24          a tremendous amount of time and energy



1        working on the issue of protecting our  
2        children. And Madam Chair, I can tell you  
3        that when I started on this work in 2002, the  
4        City of New York was nowhere near as able to  
5        protect children as it is today. That is a  
6        factual statement. The tragic case of  
7        Nixzmary Brown in the year 2006 pointed out  
8        vast gaps in the city's approach to  
9        protecting children.

10                I commend the Bloomberg administration  
11        for making some of the reforms that were  
12        needed. We have continued to make additional  
13        reforms. But we also know that there was a  
14        disinvestment in ACS for years that we've  
15        been working intensely to correct, hiring  
16        more caseworkers, reducing caseworker ratios,  
17        providing more training to the caseworkers  
18        that they desperately needed, providing them  
19        more support from other agencies like NYPD  
20        and the Department of Education.

21                This is very personal for me. I'm a  
22        parent, and I've worked on these issues. And  
23        I consider it a moral issue that we have to  
24        protect every single child. But I have to

1 put in context, Madam Chair, there are  
2 between 50,000 and 60,000 complaints called  
3 in every year from New York City of potential  
4 abuse and neglect of children.

5 In the overwhelming majority of those  
6 cases, the Administration for children's  
7 Services plays a crucial role in stopping  
8 abuse against children and stopping that  
9 neglect and protecting those children. In  
10 many cases, ACS asks a court for the right to  
11 remove a child from the home, and a court  
12 disagrees and stands in the way of that  
13 action of ACS, something that I think needs  
14 to be looked at more carefully, because ACS  
15 often is taking a more aggressive stance and  
16 is not allowed to follow through, by a  
17 judge's decision.

18 The vast majority of our caseworkers  
19 do their jobs well and protect our children.  
20 And if you look at the overall trend over the  
21 last few years, thank God, the number of  
22 child abuse and neglect cases has gone down,  
23 and the number of child abuse deaths has gone  
24 down. But one is one too many.

1           So I just have to disagree with the  
2           premise. We have real work to do, and when  
3           someone in our employ does something wrong,  
4           we fire them. As you saw in the recent case,  
5           the Zymere Perkins case, people were fired  
6           who didn't do their job. And we'll do that  
7           each and every time. There will be new  
8           leadership soon at ACS, and we're going to  
9           continue to deepen reforms and we'll make  
10          whatever investment we need to.

11          But I just think a lot of the  
12          assumptions that are being made are unfair.  
13          They're not based on facts, they're not based  
14          on the overall history of what's happened  
15          here, and they're certainly not showing  
16          respect for the women and men who do this  
17          work every day of protecting our children.  
18          You know, I don't think I've seen a single  
19          article talking about the children who are  
20          saved every single day. I only see coverage  
21          when there's a tragedy.

22          The tragedy grabs at me like every one  
23          of us, and we're not going to allow these  
24          tragedies. But Madam Chair, I have to tell

1           you, the vast majority of the work of that  
2           agency is life-saving. And I need it to  
3           continue, and we're going to keep supporting  
4           it.

5                   CHAIRWOMAN YOUNG: Thank you,  
6           Mr. Mayor. And I think that, you know,  
7           you're saying that you dispute the facts.  
8           The facts are the facts. And also the facts  
9           are that we have several cases and names of  
10          children. Like Mikey Guzman, age 5 years  
11          old, Sherlin Yeslin Camacho, age 3 months,  
12          Zymere Perkins, age 6 years.

13                   And we have to do better. And as I  
14          said, the state is investing a lot of money  
15          into the system, and we have to do better.

16                   And the final question is so your  
17          Commissioner Gladys Carrion is still there,  
18          and it just came out recently that she was  
19          still there. I was just wondering what the  
20          status is, and why is she there? If there  
21          are so many failures under the system, why is  
22          she there?

23                   MAYOR DE BLASIO: Again, Madam Chair,  
24          I respect the question, but I have spent a

1           lot of my life working on these issues. And  
2           I think -- I am not saying the facts aren't  
3           the facts. I agree. But unfortunately, the  
4           facts are not being represented fairly by the  
5           media, even in the cases that you just  
6           delineated. And I happen to have access, of  
7           course, to a deeper understanding of some of  
8           the details than the general public does. In  
9           too many cases, the media are suggesting a  
10          fact pattern that does not exist -- and of  
11          course these cases are subject to very, very  
12          careful attention because of confidentiality  
13          issues. And a picture is painted for the  
14          public that is not fair, because the vast  
15          majority of the work at ACS is succeeding in  
16          protecting children's lives. We're going to  
17          continue that work.

18                 But in terms of the commissioner, the  
19          commissioner has spent 40 years of her life  
20          protecting children, including as the state  
21          commissioner. She, in the last three years,  
22          implemented a series of reforms and  
23          improvements at ACS. There were some cases  
24          not handled properly, I've said that

1 publicly. And it angers me, and people have  
2 been fired. And anyone who doesn't handle a  
3 case will be fired, it's as simple as that.

4 Commissioner Carrion announced her  
5 resignation, and it was clear there would be  
6 a transitional period. That transitional  
7 period will end at end of this week. Her  
8 first deputy commissioner will take over for  
9 the interim. A new commissioner will be in  
10 place by the end of February or beginning of  
11 March.

12 I further want to note we're going to  
13 deepen the close working relationship between  
14 the NYPD and ACS. Again, going back to the  
15 Nixzmary Brown case, one of the most  
16 prominent and tragic cases this city ever  
17 went through, one of the fault lines, one of  
18 the problems was there was not that  
19 relationship that was needed between NYPD and  
20 ACS. We've improved over time. There's more  
21 to do.

22 Chief Robert Boyce, who is our chief  
23 of detectives, one of the most respected  
24 leaders in the NYPD, will be working more

1           closely with ACS -- in fact, will cochair the  
2           ChildStat process, which is the ACS  
3           equivalent of CompStat at the NYPD. He'll be  
4           cochairing that with the acting commissioner  
5           going forward to intensify our efforts to  
6           look deep into each case and look for any  
7           potential danger. And I think the growing  
8           cooperation and partnership between ACS and  
9           NYPD will allow us to go much farther in  
10          protecting children.

11                   CHAIRWOMAN YOUNG: Thank you.

12                   CHAIRMAN FARRELL: Assemblyman Weprin.

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

15                   Thank you, Mayor. As the new chair of  
16          the Correction Committee, I appreciate your  
17          comments on bail reform and on voluntarily  
18          raising the age, removing 16- and  
19          17-year-olds from Rikers. As you know, the  
20          Assembly has long supported raising the age,  
21          and hopefully with the Governor putting it in  
22          his budget, it will be an issue that may  
23          finally come this year.

24                   I know there is a commission taking

1 place now where Judge Lippman is discussing  
2 some of the issues, along with some  
3 colleagues on the commission, about Rikers  
4 Island. And I know they're due to have a  
5 report soon. One of my first meetings as  
6 chair of the Correction Committee was with  
7 Commissioner Joe Ponte, and I was very  
8 impressed with his concern about safety at  
9 Rikers. And I know -- I've had a discussion  
10 with you as well, and I know there have been  
11 a number of incidents, and I'm happy to see  
12 that you're working on that.

13 But I know there have been some  
14 proposals to the commission, and possibly  
15 from outside the commission, on the  
16 possibility of closing Rikers. I think we're  
17 talking about close to 10,000 inmates at  
18 Rikers. What are your thoughts on what  
19 should be done at Rikers, and what is your  
20 knowledge as to what the commission is going  
21 to report, the Lippman commission on Rikers,  
22 and what is their timing?

23 MAYOR DE BLASIO: Assemblyman, I'm  
24 certainly not going to steal Judge Lippman's



1           thunder. That commission continues to work;  
2           my understanding is we'll hear a report from  
3           them in the spring.

4                    I've said, when I announced the  
5           preliminary budget, that we'll have a lot  
6           more to say on the future of our correction  
7           system at the time of the Executive Budget.

8                    I want to thank you as you assume the  
9           chairmanship. We very much look forward to  
10          working with you and appreciate the  
11          partnership we've had already. And I  
12          appreciate you meeting with our correction  
13          officials, and I think you're seeing already  
14          that Commissioner Ponte has achieved some  
15          pretty extraordinary reforms. And we have  
16          some examples of both reduction of violence  
17          and improvement in the way that we treat and  
18          rehabilitate our inmates that are very, very  
19          compelling. We want to do a lot more.

20                   In terms of the future of Rikers,  
21          again, I'll reserve the broad judgment until  
22          the time of the Executive Budget. But I will  
23          say this. You know, a very powerful report  
24          came out a few weeks ago pointing out that

1       the mass incarceration issue is becoming even  
2       more of a debate all over this country -- and  
3       a bipartisan one, I want to say, in a good  
4       and healthy way. There's a recognition that  
5       mass incarceration failed and was inhumane  
6       and extraordinarily costly in human and  
7       economic terms.

8               One of the better stories in this  
9       country is in New York City, where over the  
10      last few decades we've reduced the population  
11      at Rikers by 55 percent. It's now getting  
12      closer to 9,000 than 10,000. Of course there  
13      are variations in any given week or month,  
14      but we do see a good downward trend and we  
15      intend to continue that and deepen that.

16             So whatever we do in terms of the  
17      specific facilities -- and there's a lot of  
18      complexities we have to address, not only at  
19      Rikers Island today, but the other correction  
20      facilities around the city. And any plan  
21      that we would have going forward, we'd have  
22      to talk about all of them.

23             But what I can say is we are reducing  
24      the number of people incarcerated,

1 consistently. We're coming up with  
2 alternatives that are working. And more  
3 important than anything, we're reducing  
4 crime, which reduces the flow of people into  
5 the correction system. And I want to give  
6 credit to all the men and women in the NYPD  
7 for a three years running reduction in crime,  
8 particularly in serious crime. That's the  
9 gateway to everything else.

10 So what I can safely say to you is for  
11 anyone who wants to see change in our  
12 correction system, support us in the changes  
13 we're making in policing that are allowing us  
14 to drive down crime and get to the root  
15 cause.

16 ASSEMBLYMAN WEPRIN: Well, I look  
17 forward to working with you and your staff  
18 over the next weeks and months for various  
19 reforms at Rikers, and hopefully we're there  
20 to be as helpful as possible working with  
21 you.

22 MAYOR DE BLASIO: Thank you very much.

23 CHAIRMAN FARRELL: Thank you.

24 We've been joined by Assemblywoman

1 Yuh-Line Niou and Assemblyman Brian Kavanagh.

2 Senator?

3 CHAIRWOMAN YOUNG: We've been joined  
4 by Senator Terrence Murphy and Senator  
5 Gustavo Rivera.

6 And our next speaker is Senator  
7 Krueger.

8 SENATOR KRUEGER: Good morning, Mayor,  
9 and your staff.

10 MAYOR DE BLASIO: Good morning.

11 SENATOR KRUEGER: Let's do some  
12 lightning round, if you can.

13 MAYOR DE BLASIO: Okay, I'm ready. I  
14 feel like I'm on NY-1.

15 SENATOR KRUEGER: Thank you.

16 So there seems to be a lot of  
17 information here, I guess coming out of both  
18 the Governor's office and in the question you  
19 got, that New York City has been decreasing  
20 its MOE to education. I just want to  
21 reiterate what I thought I heard Dean  
22 Fuleihan say, that actually it's the  
23 opposite. Could you repeat that data?

24 MAYOR DE BLASIO: I'll repeat from the

1 testimony, and then Dean will take it from  
2 there, because we think the fact is pretty  
3 good here. Hold on. Oh, Dean was way ahead  
4 of me, okay.

5 Since 2008, the city's share of  
6 education spending -- so let me just affirm  
7 this, the Bloomberg administration and my  
8 administration, both of which increased city  
9 spending on education. Since 2008, the  
10 city's share of education spending has  
11 increased from 49 percent to 57 percent,  
12 while the state share has declined from  
13 41 percent to 37 percent.

14 SENATOR KRUEGER: Thank you.

15 Senator Young brought up the ACS  
16 issues. And she is right, it's a crisis when  
17 children die. And it's a crisis when workers  
18 don't get the support they need to do the  
19 right thing, and they should be removed when  
20 they don't.

21 But it sounded like I was hearing that  
22 the state gives you so much more money for  
23 child welfare now than it has in the past.  
24 And I didn't think that was correct. I'm

1 looking at, again, your budget director.

2 MAYOR DE BLASIO: Again, I'll let Dean  
3 speak to the history. I think the state  
4 support for our child welfare efforts issues  
5 is crucial. And again, what is too often  
6 lost in this discussion, between 50,000 and  
7 60,000 cases -- because you're talking about  
8 every single call to the state registry has  
9 to be investigated.

10 By definition, and we can give you the  
11 chapter and verse on the tragedies that have  
12 occurred, we feel every one very humanly.  
13 But thank God, they are a very small number  
14 compared to the tens of thousands of cases  
15 where our ACS workers get to the bottom of  
16 the situation, stop problems before they  
17 happen, provide preventive services -- which  
18 is something I've backed for many years, and  
19 we've expanded. Which means literally the  
20 ability of charitable and nonprofit  
21 organizations to intervene with the family  
22 and support them and help them deal with  
23 their problems. That work has continued and  
24 has deepened, and that is why so many

1 children have been saved.

2 And further, I've been very blunt  
3 about this, there are a number of times,  
4 hundreds of times, when ACS has asked for the  
5 removal of children from a family only to  
6 have a judge refuse. That's unfair to the  
7 people who do such hard work at ACS, that if  
8 they are requesting removal and a judge will  
9 not let them do that. The judge may have a  
10 reason in their own mind, but we have to  
11 grade fairly here.

12 Just as we would our police or our  
13 firefighters or anyone else who's a first  
14 responder, our ACS workers are another type  
15 of first responders, and they're regularly  
16 saving lives. They get precious little  
17 credit for it.

18 But when something goes wrong, I feel  
19 it personally. And we are not afraid to take  
20 the most resolute action to deal with anyone  
21 who doesn't do their job.

22 SENATOR KRUEGER: And in other parts  
23 of -- oh, I'm sorry. You said Dean.

24 DIRECTOR FULEIHAN: And state funding

1           has not changed.

2                   SENATOR KRUEGER: It has not changed.

3                   So in other parts of the state, as  
4           charters have expanded, the state has made a  
5           commitment to not have the local district  
6           have to absorb those costs out of its school  
7           funding. But I believe your testimony was  
8           that New York City would actually have to  
9           kick in an additional \$200 million of its  
10          school funding for the charter proposal this  
11          year?

12                   DIRECTOR FULEIHAN: Correct. Correct.

13                   SENATOR KRUEGER: And that's a new  
14          demand on the city.

15                   DIRECTOR FULEIHAN: Yes.

16                   SENATOR KRUEGER: And because there's  
17          also a proposal to not lift the charter cap  
18          statewide, but to allow whatever charters are  
19          unassigned now to all come to New York City,  
20          do you have an estimate of additional cost to  
21          yourself if that all were to happen,  
22          particularly the building costs?

23                   DIRECTOR FULEIHAN: We'll get you that  
24          estimate. I don't have a quick estimate.



1 I'll try and get one now.

2 SENATOR KRUEGER: It's my  
3 understanding it was -- up until now, there  
4 was this sort of interesting the city kicks  
5 in the first 40 million, but then after that,  
6 not. But if we suddenly see a massive  
7 increase in charters opening in New York City  
8 under the Governor's language, could you  
9 potentially see a much bigger cost to  
10 yourselves, not just on operating but on  
11 capital as well?

12 DIRECTOR FULEIHAN: Yes. We would  
13 definitely see cost increases.

14 But as the mayor pointed out, there's  
15 already room in the existing cap that applies  
16 to New York City for charters.

17 SENATOR KRUEGER: Correct. But there  
18 could be so many more.

19 DIRECTOR FULEIHAN: Yes, there would  
20 be additional costs.

21 SENATOR KRUEGER: Thank you.

22 Pre-K, you said there was a cut in  
23 funding for pre-K in New York City in the  
24 state budget?

1                   MAYOR DE BLASIO: Yeah. And again,  
2                   it's in the context of something good, which  
3                   is the consolidation of how the grant funding  
4                   is used. We applaud that. But the poison  
5                   pill that has to be addressed is that the  
6                   per-seat rate would be cut in the bargain.  
7                   And we think those things should be  
8                   dealing -- we think consolidation is smart  
9                   government, but cutting the per-seat rate is  
10                  not good for our children, obviously. It  
11                  means 3400 seats that are currently funded  
12                  would not be funded.

13                 SENATOR KRUEGER: So to be parochial,  
14                 my district is one of the two districts in  
15                 the city that still has incredible wait lists  
16                 for pre-K. We don't have adequate pre-K  
17                 seats. Your people know that. And partly  
18                 it's because our schools are overcrowded and  
19                 our rental costs for alternative sites have  
20                 been so high.

21                 I don't want to see any cuts in pre-K  
22                 money at all, but I also really want the kids  
23                 in my district to have the same rate to go to  
24                 pre-K as the other districts.

1                   MAYOR DE BLASIO: Senator, as you  
2                   know, although I am a Brooklynite, I am  
3                   living currently on the Upper East Side, and  
4                   I talk to people all the time about this  
5                   problem.

6                   One, we absolutely want to do more to  
7                   solve it. We've made some progress in terms  
8                   of school seats in general, and pre-K seats  
9                   in specific, for the Upper East Side.

10                  But as you indicated, it is literally  
11                  the hardest territory in the city for us to  
12                  address because, one, it's so thoroughly  
13                  built out and, two, because of the costs  
14                  involved with the very limited new  
15                  development that is happening.

16                  We are still trying to find creative  
17                  solutions. But I want to just -- a  
18                  respectful minor correction. Even though it  
19                  is not what we ideally would want for any  
20                  district -- which is the maximum seats  
21                  immediately, you know, geographically where  
22                  parents want them ideally -- every single  
23                  student is guaranteed a pre-K seat.

24                  Now, in your district, I think, again,

1           one of the most difficult situations in all  
2           of the City of New York. We still work very  
3           hard, parent by parent, with a facilitated  
4           enrollment system that's literally a person  
5           who is a specialist working individually with  
6           that parent to find them the closest  
7           available seat that works for them. For many  
8           parents, as you know, that might be closer to  
9           their work than it is to their home. That  
10          might be better for them. A lot of parents  
11          feel good about a seat that's very near their  
12          workplace, for a variety of reasons.

13                 But we will work with any one of your  
14          constituents to find a placement. They will  
15          have a placement for free. We'll do our  
16          damndest to make sure it's as convenient as  
17          possible while we're trying to build out the  
18          capacity.

19                 SENATOR KRUEGER: We continue to  
20          struggle.

21                 I want to shift to housing. While  
22          some people apparently feel plastic bags is  
23          biggest crisis facing New York City, I would  
24          argue the lack of affordable housing is, and

1       the future environmental damage that will  
2       continue until we radically change our  
3       consumer production and our production  
4       behavior.

5               The 421-a proposal that's been  
6       renamed -- although I'm calling it the -- you  
7       know how the old 421-a was bad; this has a  
8       new name, but it's worse. There are some  
9       people actually proposing that co-ops get  
10      brought back into this. You in your  
11      testimony testified about the old 421-a, your  
12      proposal -- which I didn't love either, by  
13      the way.

14             MAYOR DE BLASIO: You're equal  
15      opportunity, Senator.

16             SENATOR KRUEGER: There you go.

17             The new one, can you project what the  
18      loss of city revenue would be if co-ops were  
19      brought back into this program the way they  
20      were in the old program?

21             MAYOR DE BLASIO: I will give you a  
22      broad answer, and then my colleagues may give  
23      you something more specific. But here's the  
24      bottom line. We had a program, which I say

1 is the old broken 421-a, that cost taxpayers  
2 a lot and subsidized luxury housing. We  
3 can't let that happen again. It's not in the  
4 interest of our people and it's not in the  
5 interest of our taxpayers. I think at this  
6 moment it would be even more unacceptable  
7 than it was years ago.

8 So right now, as you saw from the  
9 numbers we put forward, the current proposal  
10 is inching back towards the same cost as the  
11 previous one, which rewarded luxury housing.  
12 And we fear that the door is now open for the  
13 inclusion of luxury housing, which could make  
14 it as costly or even more costly -- quickly,  
15 easily could be more costly than the old  
16 421-a. So that would then be the worst of  
17 all worlds, where taxpayers are being hit  
18 worse than they were in the past, we're not  
19 getting the affordability we deserve, and  
20 we're subsidizing luxury buildings again.

21 I think a lot of people -- look, there  
22 is a particular building on 57th Street, a  
23 luxury building, very tall luxury building,  
24 that when New Yorkers found out that that got

1 a tax break for purely luxury housing, no  
2 affordable housing, there was a massive  
3 outcry in New York City. We just cannot go  
4 back to those days.

5 So we are happy to work with all  
6 members of the Legislature and the Governor  
7 and all other interests on the current  
8 proposal, which in our view has merits and  
9 has issues we want to address too. But going  
10 back in the direction of the old proposal  
11 would be untenable and would make it a net  
12 loss for the people of New York City.

13 SENATOR KRUEGER: I agree, although  
14 again, I think it's even worse. Because even  
15 without the condos, the new proposal would  
16 allow market rate to take advantage of 421-a  
17 even if there was no affordable units in a  
18 specific building.

19 So again, I would urge everyone  
20 listening to look carefully at that proposal  
21 and the damage it would do. Personally, if I  
22 had \$2.4 billion in city taxpayer revenue,  
23 I'd actually want to buy \$2.4 billion in  
24 affordable housing with it, not maybe \$150

1 million in affordable housing.

2           There was a bill passed last year --  
3           which we then did a counter bill, but then  
4           the Governor vetoed -- on the MTA sort of  
5           real estate not related to transportation  
6           being able to violate New York City zoning,  
7           actually anyone's zoning in the 12 MTA  
8           counties. Disappointingly, the Governor  
9           vetoed the Legislature's attempt to reverse  
10          that.

11           Is the City of New York attempting to  
12          do anything about that at this point? And do  
13          you see that as causing problems for you in  
14          the future?

15           MAYOR DE BLASIO: You know, Senator --  
16          I'll start, and again my colleagues may want  
17          to add -- that we worked very productively  
18          with our colleagues in suburban counties. By  
19          the way, on a bipartisan basis. There was a  
20          lot of unity on this point, that it was not  
21          the place of the State of New York or any  
22          entity of the State of New York, like the  
23          MTA, to override local zoning. Which is, I  
24          think, pretty sacrosanct. There's a number



1 of things localities do -- policing,  
2 education, zoning -- that all of us can say  
3 are decisions best handled locally with  
4 maximum citizen input. And the MTA should  
5 not be overriding that reality.

6 And I think clearly there was  
7 tremendous support in both the Senate and the  
8 Assembly, having heard from local leaders of  
9 all different-size jurisdictions and both  
10 parties, you know, we felt very much  
11 appreciative for the support we received in  
12 the Legislature.

13 We disagreed with the Governor's  
14 decision, obviously. We think we need to  
15 restart that process again and build up even  
16 more support from the local level, because I  
17 think it's something people feel deeply.  
18 They do not want to see their local rights  
19 trampled on. And it matters a lot in a place  
20 like New York City, but I could argue it  
21 matters even more in smaller jurisdictions,  
22 that it fundamentally changes the trajectory  
23 of their cities and towns to have major new  
24 development that is done without their

1 approval.

2 So we are going to work closely with  
3 all of you and with our colleagues in local  
4 government to once again try and address  
5 this.

6 SENATOR KRUEGER: And then -- I know  
7 I'm at zero, but I'm taking advantage of  
8 ranking status for a moment. In your  
9 testimony, you proposed that a mansion tax go  
10 into effect for apartments or houses selling  
11 for over \$2 million and say that the money  
12 would be used for senior housing.

13 Can you explain a little bit about how  
14 much money you project this to be? And what  
15 kind of senior housing program would you be  
16 starting with it?

17 MAYOR DE BLASIO: We project it would  
18 provide us with \$330 million a year. It  
19 would allow us to provide ongoing support for  
20 25,000 seniors who are having trouble  
21 affording housing. It would mean that for  
22 all seniors who are part of this initiative,  
23 it would pay no more than 30 percent of  
24 whatever income they have. And we know so

1           many of our seniors are on low fixed incomes.

2                       That would be 25,000 apartments on top  
3           of our current 200,000-apartment plan. So  
4           everything we're doing in our housing plan,  
5           200,000 apartments, reaches half a million  
6           people by 2024. This new initiative -- which  
7           again I think is fair because it only reaches  
8           those who have homes of \$2 million or more in  
9           value when it's sold, and people who are  
10          about to get a major tax break from the  
11          federal government, as everyone knows -- this  
12          will allow us to reach 25,000 more seniors on  
13          an ongoing basis, lock in affordability for  
14          them long-term through preservation. So we  
15          would be subsidizing apartments in place for  
16          the long-term.

17                   SENATOR KRUEGER: Thank you. And  
18          thank you for your last sentence, which was  
19          reminding everyone that Washington is very  
20          likely to change our tax structure to lower  
21          taxes for the highest-income Americans very,  
22          very soon. And that in fact will translate  
23          into less money available from the federal  
24          government for the programs we depend on and

1           actually is a reason to support the  
2           Assembly's proposal to increase the  
3           millionaire tax, as they put it, and also to  
4           recognize that proposing a tax on high-cost  
5           house sales or apartment sales still will  
6           translate, when we do the math, I assume, to  
7           be a significant reduction in people's  
8           federal taxes, even if they see some increase  
9           upon the sale of a home or some increase  
10          because they're in the highest income  
11          brackets as a state resident.

12                   MAYOR DE BLASIO: I would argue,  
13          Senator, even if nothing changed on taxation,  
14          this would be fair to ask those who own homes  
15          of \$2 million or more to do a little more to  
16          help seniors who built our city, built our  
17          state, and now are struggling to have  
18          housing. I think it would be fair under any  
19          circumstance.

20                   But given that -- I agree with you --  
21          this will unfortunately, from my point of  
22          view, when the federal government gets done,  
23          when the Congress gets done with its tax  
24          plan, unquestionably the tax breaks for

1           wealthy individuals will far outstrip  
2           anything we're talking about here, and the  
3           wealthy will be paying less in taxes overall  
4           than they're paying now, even with the  
5           continuation of the millionaire's tax, or  
6           extension of it, or improvement of it. And  
7           with a mansion tax, still, wealthy people are  
8           going to end up with more money in their  
9           pocket under any scenario, based on what  
10          we're hearing from Washington.

11                   SENATOR KRUEGER: Do you happen to  
12          know where a lot of those wealthy people  
13          live?

14                   MAYOR DE BLASIO: Again, please?

15                   SENATOR KRUEGER: Do you happen to  
16          know where a lot of those wealthiest people  
17          live?

18                   MAYOR DE BLASIO: There's a number of  
19          districts I could name. One of them might be  
20          yours.

21                   SENATOR KRUEGER: Thank you.

22                   Thank you very much.

23                   CHAIRMAN FARRELL: Thank you. We've  
24          been joined by Assemblyman Dilan and

1 Assemblyman Otis.

2 Next to question, Assemblywoman Nolan.

3 ASSEMBLYWOMAN NOLAN: Thank you,

4 Mr. Chairman.

5 Mr. Mayor, welcome to Albany.

6 MAYOR DE BLASIO: Thank you.

7 ASSEMBLYWOMAN NOLAN: I do have a  
8 question, but I want to point out something  
9 that was said earlier. It referenced it as  
10 someone who's a parent of a child in a city  
11 public school. It's actually quite easy to  
12 find the budget for each individual school,  
13 each of the 1600 schools that the city  
14 administers. You just go to the website and  
15 you type in "school budgets," and you can get  
16 the budget for every single individual  
17 school.

18 And as someone who's complained at  
19 times about those budgets, I would point out  
20 that it's something that is relatively  
21 recent. And I congratulate you and  
22 Chancellor Fariña for providing that  
23 information, which in prior administrations  
24 was not available by individual school. And

1           it is very helpful for parents advocating for  
2           their children, and it is available on a  
3           school-by-school basis.

4                     I do have a question on trailers.  
5           I've asked both you and Mayor Bloomberg about  
6           it, and you know that it's a continuing sore  
7           spot for many of us, particularly in the  
8           Bronx, Brooklyn, and Queens, where I  
9           represent. And I know there is a report that  
10          we've required to be filed, but I would like  
11          to hear from you what the progress is on  
12          eliminating trailers.

13                    MAYOR DE BLASIO: I'm going to start,  
14          and I think Sherif will add.

15                    But look, the bottom line has been we  
16          are committed to a phaseout of all trailers.  
17          As we've been honest with you, it takes time  
18          and is complicated in some specific  
19          locations. But in fiscal '13, we had 352  
20          trailers in use. We are continuing to  
21          decline. Now, in fiscal '17, we are down to  
22          245. We are projecting the next jump for  
23          next year to go down to 176. We're just  
24          going to continue consistently to move. And

1           we obviously have put substantial resources  
2           in the budget to do so.

3                   ASSEMBLYWOMAN NOLAN: Thank you very  
4           much.

5                   I want colleagues to understand that  
6           even -- and this is really great progress,  
7           and you deserve credit for it. But even with  
8           this progress, there are still more children  
9           attending school in a trailer in the City of  
10          New York than in some of the largest  
11          districts in our state, and that has been the  
12          case for over 30 years.

13                   So again, the contrast, colleagues,  
14          that there are more children attending school  
15          in a trailer in the City of New York for the  
16          last 30 years than the size of most of the  
17          districts of the 700 school districts of our  
18          state.

19                   One of the reasons I bring this up is  
20          that we tried very hard to give you some  
21          additional revenue to get rid of these  
22          abominations, and the city is due, I believe,  
23          \$700 million from the Smart Schools Bond Act.  
24          You didn't mention the bond act in your



1 testimony, but I wondered if you would care  
2 to comment. My understanding is the city's  
3 application is there. Do we know why the  
4 Executive has not acted on it?

5 MAYOR DE BLASIO: In terms of the bond  
6 act, I'm going to defer to Dean.

7 DIRECTOR FULEIHAN: So thank you.

8 We have, as you know, completely  
9 allocated funding for the removal of the  
10 trailers. So that is completely in the city  
11 budget. It is now going through the process  
12 that the mayor outlined.

13 And no, we have had our application  
14 before the state, and we're waiting for  
15 approval.

16 ASSEMBLYWOMAN NOLAN: Do we have any  
17 idea whether the bond act -- have they  
18 reached out to you, the people on the board  
19 of the state bond act?

20 DIRECTOR FULEIHAN: I believe we  
21 submitted in November -- I'm going to ask  
22 behind me -- in last May, and we have not --

23 ASSEMBLYWOMAN NOLAN: The Education  
24 Committee intends to keep some focus on

1           what's happening with the Smart Schools Bond  
2           Act, so we will follow up with Chancellor  
3           Fariña.

4                     DIRECTOR FULEIHAN: We would  
5           appreciate that. Thank you.

6                     ASSEMBLYWOMAN NOLAN: And we will  
7           certainly be following up with the Executive.

8                     I would like the mayor just to  
9           comment, if you would. In your testimony you  
10          talked a little bit about the importance of  
11          the CFE settlement. Some suggest that public  
12          school parents like you and I have been duped  
13          into thinking that it's been settled or  
14          resolved. I find that statement shocking. I  
15          don't want to get into who said it, but I  
16          thought it was very ill-advised.

17                    As someone who's son never really --  
18          my son is graduating, your son has already  
19          graduated, and your daughter. We were part  
20          of this so long ago, we never really saw the  
21          true fulfillment of CFE. Do you believe that  
22          CFE has been finished or fulfilled and that  
23          you and I were duped into thinking that there  
24          was enough money for the city schools -- and

1 all the schools in our state, many of whom,  
2 rural, poor areas as well, would benefit by a  
3 full CFE?

4 MAYOR DE BLASIO: Assemblymember,  
5 first of all, this is an occasion for me to  
6 thank you for what you do as chair of the  
7 Education Committee, which is so crucial and  
8 important for the children in New York City.  
9 It really is. Because you're asking a  
10 question that needs to be answered and hasn't  
11 been in our public discourse, and it amazes  
12 me it has not been.

13 No, there has not been a resolution on  
14 CFE. Yes, there has been a consistent effort  
15 to dupe people into thinking the issue is  
16 resolved and in the past. It's not in the  
17 past. It's perfectly alive today, to the  
18 tune of \$1.6 billion.

19 Every single person here and every  
20 parent in New York City who says, Why is my  
21 school not getting 100 percent of the fair  
22 funding formula, it's because we should be  
23 getting \$1.6 billion more in our budget,  
24 according to a decision of the Court of

1 Appeals, the highest court in the state, a  
2 decade ago. And there are some who allege  
3 that that decision was not binding. It was  
4 absolutely binding.

5 And further proof is that in the Eliot  
6 Spitzer administration, CFE was implemented  
7 and funding was changed -- not just for New  
8 York City, but other high-needs districts in  
9 upstate cities and rural areas as well. So  
10 the State of New York not only recognized a  
11 decision by our highest state court, but then  
12 proceeded to implement it.

13 But for a change of administration and  
14 one of the greatest economic crises in the  
15 history of this country, I suspect we would  
16 have seen steady progress and we'd be having  
17 a very different discussion today.

18 But no, it cannot be airbrushed out of  
19 history. Our children have suffered for the  
20 lack of that funding. And you've seen it and  
21 I've seen it as public school parents. We're  
22 not going to let it go. And what we are  
23 concerned about is we see a change in the  
24 State Budget terminology that suggests an

1 attempt to remove the notion of CFE once and  
2 for all from the discussion. That's not  
3 particularly legal, in our view.

4 ASSEMBLYWOMAN NOLAN: Thank you.

5 CHAIRWOMAN YOUNG: Thank you very  
6 much.

7 Our next speaker is Senator Marty  
8 Golden.

9 SENATOR GOLDEN: Thank you, Madam  
10 Chair.

11 Thank you, Mr. Mayor, for being here.  
12 I'm sure it's been a long morning, and it's  
13 going to be a little longer, I presume.

14 On some of the questions -- I had to  
15 leave for some press conferences, so my  
16 questions may have been asked and answered.  
17 And one of them I heard when I came in,  
18 Senator Krueger was talking about -- and I  
19 know Cathy had spoken about the ACS. I don't  
20 think anybody in this room doesn't believe  
21 ACS has to be revamped, that they need help  
22 and something has to be done, and funding has  
23 to be put into them.

24 We passed a bill out last week, we

1       passed it last year and the Governor vetoed  
2       it, and that's limiting the number of cases  
3       to the ACS workers to 15. You may even be  
4       under that number. But there are other  
5       counties across the state that are not. So  
6       we want to limit the number of caseloads to  
7       each caseworker. Would you be supportive of  
8       that bill?

9               MAYOR DE BLASIO: Having not seen the  
10       language of the bill, I just want to reserve  
11       judgment. But let me agree with the concept.  
12       We have been trying to drive down caseloads,  
13       and we succeeded at that by additional city  
14       funding. So our goal, which we've acted on,  
15       is reduced caseloads and more training for  
16       the caseworkers, who have very, very  
17       difficult, complex jobs.

18              I also -- what you didn't hear, and I  
19       want to reiterate, is we announced that the  
20       first deputy commissioner will be taking over  
21       the agency as of next Monday, that a  
22       permanent new commissioner will be in place  
23       at the end of February, beginning of March.  
24       But an additional important point, someone

1           you probably know well, Chief Bob Boyce, of  
2           the NYPD --

3                     SENATOR GOLDEN:   Excellent.  
4           Excellent.

5                     MAYOR DE BLASIO:  -- will be coming  
6           over not -- he's going to be doing all his  
7           regular job too, but in addition he's going  
8           to come over to ACS and cochair the ChildStat  
9           program, which is based on CompStat, which  
10          has had so much success in driving down  
11          crime.  ChildStat was initiated in the  
12          Bloomberg administration, to their credit.  
13          We're going to enhance that approach and make  
14          it even closer in its mindset to CompStat and  
15          bring over the chief of detectives of NYPD to  
16          cochair those meetings and even get deeper  
17          into the cases to determine how we can do  
18          better.

19                    SENATOR GOLDEN:  Mr. Mayor, if the  
20          question's already been asked and answered,  
21          just tell me it's been -- because my members,  
22          I'm sure more members want to speak, and I'm  
23          sure that we can look it up later and find  
24          out what the testimony was.

1           There's another bill that we had  
2           last -- two years ago and a year ago, and  
3           it's about giving our ACS workers, the  
4           protective workers into the home, iPads, and  
5           let them do their actual work within the home  
6           so that the cross-grids can show that the  
7           individual is there taking a picture of the  
8           inside of the home and taking a picture of  
9           the child and a picture of the house itself.  
10          Hopefully you can be supportive of that bill.

11          And there's a backup piece to this  
12          that has not yet been put forward, but there  
13          is technology out there that today gives you  
14          in-time technology of how many times that  
15          child has been in and out of foster care,  
16          what the frailties of the child are, the  
17          abuse of the child, the parents, the parent's  
18          background, the foster parent's background,  
19          and domestic violence. All of those things  
20          are there in this technology.

21          It's working in Chemung County, and  
22          it's working -- Suffolk County is going to do  
23          a pilot program. I don't think it should be  
24          a pilot program, I think it should be a



1        statewide program. But if not, at least  
2        hopefully the city will take the initiative  
3        to turn around and have these interviews with  
4        these individuals that have this technology  
5        and try to get that into your iPads and get  
6        the workers in the homes with these iPads so  
7        that we can get a true picture of what's  
8        going on in the true time. I think that's  
9        important.

10                MAYOR DE BLASIO: Senator, a couple of  
11        points.

12                One, I now have clarification on your  
13        proposed legislation on the caseload cap at  
14        15 cases. I want to just formally say we  
15        endorse and support your legislation.

16                Second, one of the things we want to  
17        do -- the NYPD has had such success with the  
18        use of new technology. And the work of ACS  
19        and NYPD parallel in crucial areas. But as  
20        you know -- and this was the tragic truth in  
21        the Nixzmary Brown case in 2006 -- the two  
22        agencies didn't have a culture of connection  
23        the way we needed them to. There's been real  
24        progress.

1                   Under Commissioner O'Neill and Chief  
2           Boyce, there is an intensified idea of  
3           deepening the interconnection between ACS and  
4           NYPD, which will be exemplified by the  
5           cochairing of the ChildStat process. Your  
6           point is well taken, that we should also  
7           learn from the positive example of NYPD,  
8           which is the smartphones, Bill Bratton's  
9           great focus on bringing that handheld  
10          technology to our officers, which has had a  
11          tremendously positive effect. Any number of  
12          crimes have been stopped with those  
13          smartphones that would not have been in the  
14          past.

15                   I agree with that concept in terms of  
16          ACS workers. We have to figure out details  
17          in terms of cost, training, et cetera. But  
18          in principle, I think that's a very  
19          productive idea.

20                   SENATOR GOLDEN: Another issue, the  
21          veterans program. You introduced that  
22          beautiful veterans program a year ago, two  
23          years ago, tremendously successful. We have  
24          a tremendous number of homeless in our city,

1 I'm sure it's been addressed. But where I  
2 live, in Bay Ridge and Fort Hamilton Army  
3 Base, I have homeless; probably about 40  
4 percent of it is military. And one of the  
5 reasons is because the VA hospital is there,  
6 the other reason is because Fort Hamilton is  
7 there.

8 I was a little distressed to see that  
9 you cut an employee from that and that you've  
10 taken some funding from there. I do believe  
11 -- I hope that you look at that and redo --  
12 it's in the budget, cutting one employee and  
13 one -- what was the name of the program?

14 MAYOR DE BLASIO: Just -- Dean and I  
15 are not aware of any cut to that program, so  
16 we will follow up with you.

17 SENATOR GOLDEN: Do me a favor. I  
18 read it, so it's out there. So if it is,  
19 please put an end to that for sure.

20 MAYOR DE BLASIO: We want to correct  
21 it if it's wrong, for sure.

22 SENATOR GOLDEN: Okay. The other  
23 thing is the 421-a. I know that everybody's  
24 talking about these luxury condos. We're not

1        talking about luxury condos, we're talking  
2        about condos in the outer boroughs so people  
3        can have affordable living.

4                MAYOR DE BLASIO: May I?

5                SENATOR GOLDEN: We want people to be  
6        able to -- yes, sir.

7                MAYOR DE BLASIO: Sorry to interrupt,  
8        I want to just -- you're -- I want to  
9        differentiate, because you're making a fair  
10       point.

11               But on the previous, thank you for the  
12       acknowledgement. New York City has ended  
13       chronic veteran homelessness, and the federal  
14       government recognizes that fact. And it was,  
15       as you know, a big job. We had thousands of  
16       veterans that we had to address, and we were  
17       able to.

18               There still are veterans who are not  
19       chronically homeless but still at times are  
20       homeless. That's still not good enough, from  
21       my point of view. I want to reach every  
22       single one of them. And the mandate is to  
23       find housing for each and every one.

24               So we've made real progress in that

1 area. We've been adding positions to address  
2 veteran housing needs. So we'll check on  
3 that --

4 SENATOR GOLDEN: It's a good program.  
5 Keep it up.

6 MAYOR DE BLASIO: But I can just jump  
7 ahead on the condo issue. What I've tried to  
8 say in the testimony is right now the  
9 proposal the state has made, after all the  
10 negotiation with the different players, there  
11 are some very good elements to that proposal,  
12 there are some areas of concern we still want  
13 to talk through. It is more expensive to the  
14 taxpayer than what we originally proposed,  
15 and it doesn't achieve as much affordability.  
16 But it still has merits, it's still much  
17 better -- hold on one second while I make  
18 this -- much better than what was originally  
19 going on a few years ago with 421-a.

20 Our concern is not what you have  
21 proposed, which you're right, is outer  
22 borough and for folks of -- I wouldn't say  
23 limited means, but certainly not luxury  
24 apartments. Our concern centrally is

1           anything that would take us another step back  
2           toward the old broken 421-a --

3                   SENATOR GOLDEN:  We don't want to go  
4           there.

5                   MAYOR DE BLASIO:  -- which literally  
6           subsidized pure luxury apartments.

7                   SENATOR GOLDEN:  I agree with you.  
8           There is a problem, obviously, there's a  
9           billion dollars off the street right now.  
10          That money is someplace else.  It's not being  
11          invested in housing.  It's not being invested  
12          in low-income housing.  It's not giving the  
13          city its fair shot.  That money is somewhere  
14          else.  It could be in Philadelphia, it could  
15          be offshore, it's anywhere.

16                   And the longer it takes us to get that  
17          bill done, the longer that money is off the  
18          street.  We need the people building those  
19          units, we need all of the players at the  
20          table, and we need to close down on this bill  
21          ASAP so we can get that money distributed to  
22          the city for affordable housing.  We cannot  
23          afford to leave this out any longer, sir.

24                   Okay, I know my time is limited, so

1           that's why I'm running through this.  
2           Three-quarter disability with the New York  
3           City Police Department. The police  
4           department obviously -- it's a negotiation,  
5           and the last thing you want to do is get in  
6           the middle of a negotiation here. But you've  
7           got 13,000 or 14,000 police officers out  
8           there without three-quarter disability. It  
9           doesn't make much sense to keep that many  
10          officers out there without disability. We're  
11          keeping them on the job anyway, so it's  
12          costing us more money than getting them off  
13          on disability.

14                 So I would suggest that we try to come  
15          to a close on that if we can. I know that  
16          that the NYPD was at 4 percent, you were at 2  
17          percent. I'm sure somewhere in the middle we  
18          can come to some ground. I'm sure that the  
19          -- dealing with the -- and I'm not going to  
20          ask you to get involved, I'm just asking you,  
21          as a Senator and as a representative from the  
22          City of New York, that you come to some  
23          resolution on that as soon as possible.

24                 MAYOR DE BLASIO: Let me give this

1           very brief response. First of all, Senator,  
2           in addition to your current public service, I  
3           thank you for the time you spent as a member  
4           of the NYPD.

5                     SENATOR GOLDEN: Thank you.

6                     MAYOR DE BLASIO: And I will just  
7           state the fact so everyone's clear on it. We  
8           have almost every municipal union -- this is  
9           a striking reality -- almost every municipal  
10          union under contract in New York City,  
11          including every uniformed service union  
12          except the PBA, every other police union --  
13          which you know there are four others --  
14          except the PBA. That's the contract side.

15                    On the disability side, as you know,  
16          we've come to an agreement with our  
17          firefighters, our sanitation workers, and our  
18          correction officers, on the disability plan,  
19          each one tailored to the specific reality of  
20          their department. All agreed to, all  
21          implemented. Again, the only place we have  
22          not been able to find an agreement is with  
23          the PBA, and we have sought that agreement,  
24          and we will continue to. There's a mediation



1 process going on right now. And I have said  
2 very clearly that I will do anything and  
3 everything to work together to see if we can  
4 come to a positive result.

5 But Senator, I just emphasize, we're  
6 very proud that we have all of our other  
7 uniformed service workers under contract and  
8 with the kind of disability plans that are  
9 fair to them. We want to continue that  
10 progress.

11 SENATOR GOLDEN: Last question before  
12 my cochairs here kill me. The Brooklyn  
13 hospitals, the hospital Brooklyn 1, have you  
14 been briefed? Do you understand what's going  
15 on at the state level?

16 MAYOR DE BLASIO: I'm sorry, the part  
17 you said a moment -- the hospital --

18 SENATOR GOLDEN: In Brooklyn, Brooklyn  
19 North, they're going to have a condensing  
20 four hospitals into a -- similar to what you  
21 have, Health & Hospitals. I'm not sure, but  
22 I think there's a deficit there of a  
23 billion-plus. I'm not sure we're not moving  
24 into the same here with the state program.

1                   But are you briefed on that with the  
2                   state fully from the Governor's office?

3                   MAYOR DE BLASIO: Not fully. I think,  
4                   from what I know so far, it's an honest  
5                   effort to try and deal with the ever-changing  
6                   realities of healthcare costs, which are  
7                   already in a very difficult place in terms of  
8                   handling it, and only going to get worse if  
9                   the ACA is repealed.

10                  So I think, from what I've seen, it's  
11                  a productive proposal, but I cannot say I've  
12                  seen all the details of it.

13                  SENATOR GOLDEN: I would ask you to  
14                  delve into that, because it just -- Kings  
15                  County is ground zero when it comes to  
16                  healthcare, not just for the city but for the  
17                  state and for the nation. As Brooklyn goes,  
18                  so shall the state, so shall this nation. I  
19                  don't want them closing University Hospital,  
20                  I don't want them closing any hospitals,  
21                  because we need those hospitals open and  
22                  available to the people of our communities.

23                  I'm from Brooklyn South, but if you  
24                  close a hospital in Brooklyn North, it

1 affects Brooklyn South, it affects New York  
2 City, it affects Queens, it affects us all  
3 the way around. So if I can, I appreciate  
4 your indulgence in that. Thank you.

5 MAYOR DE BLASIO: Thank you.

6 CHAIRWOMAN YOUNG: Thank you, Senator  
7 Golden.

8 SENATOR GOLDEN: Thank you.

9 CHAIRMAN FARRELL: Thank you.  
10 Assemblywoman Malliotakis.

11 ASSEMBLYWOMAN MALLIOTAKIS: Thank you,  
12 Mayor, for being here.

13 MAYOR DE BLASIO: Thank you.

14 ASSEMBLYWOMAN MALLIOTAKIS: First let  
15 me thank you for investing in the bulletproof  
16 windows for our NYPD patrol vehicles. I  
17 think that is a wise investment and something  
18 unfortunately, in this day and age, that is  
19 needed.

20 Additionally, let me say I share your  
21 concern about the senior centers and  
22 potential loss of funding with the shifting  
23 that the Governor is looking to do with the  
24 Title 20 funding that perhaps would take

1        what's discretionary right now to the city  
2        and move it to a mandate for something else,  
3        which would be, in this case, childcare,  
4        which could also be a worthy cause. But  
5        again, we don't want to be taking money away  
6        from our senior citizens.

7                So I want to say that I agree with you  
8        on that and I share your voice in saying to  
9        the Governor to please leave the Title 20  
10       funding alone.

11               However, there's one area where you  
12       and I seem to have a disagreement on, and  
13       that is with what has been transpiring over  
14       the last week, the potential for New York  
15       City to be losing billions of dollars in  
16       federal funding if they do not comply with  
17       federal law. And for the city, this could  
18       potentially mean \$7 billion.

19               Now, as you're aware, the federal  
20       government only issues detainer requests for  
21       individuals who are here illegally under  
22       certain circumstances. It is limited, it's  
23       not just a blanket if someone is here  
24       illegally or if they merely commit a traffic

1 violation, as you have said in some news  
2 shows over the weekend. It's strictly for  
3 individuals who pose a threat to public  
4 safety or have previously been convicted.

5 Under Local Law 58 and 59, which you  
6 signed into law in 2014, the city no longer  
7 complies, necessarily, with detainer requests  
8 in certain circumstances. In fact, over a  
9 two-year period from October 1, 2014, to  
10 September 30, 2016, the city only complied  
11 with 32 out of 584. And as I mentioned, the  
12 federal government only issues those requests  
13 in certain circumstances: Someone poses a  
14 threat to the public or has previously had a  
15 conviction.

16 My issue is why would the mayor of the  
17 City of New York, who is entrusted to protect  
18 the safety of our citizenry, say that they're  
19 not going to comply with these detainer  
20 requests when they're only in certain  
21 circumstances? So for instance, if an  
22 individual is here, conducts sexual  
23 misconduct, forcible touching, sexual abuse  
24 in the second or third degree, grand larceny,

1 welfare fraud, identity theft -- this is just  
2 a small list of a much larger list in which  
3 the city refuses to comply with detainer  
4 requests from the federal government.

5 Why would you protect individuals who  
6 are here illegally, committing these crimes,  
7 instead of putting your citizenry first and  
8 foremost and making -- ensuring that we  
9 receive the federal funding we need for our  
10 law enforcement to do their job?

11 MAYOR DE BLASIO: Assemblymember, I  
12 know you are a true believer in your  
13 ideology, and I am in mine. And we have very  
14 different facts we're working from, so we're  
15 just going to have to disagree, I think, on  
16 even the premise of the question, in my  
17 opinion. But let me go piece by piece real  
18 quick.

19 There are 170 offenses that as a  
20 matter of New York City law, when any of  
21 those offenses is committed, we cooperate  
22 with ICE.

23 ASSEMBLYWOMAN MALLIOTAKIS: I agree  
24 with you on that, there are 170. But there's

1 even more that are not included --

2 MAYOR DE BLASIO: Well, but again, I  
3 respectfully think that I've seen this  
4 attempt to confuse the meaning of what we're  
5 doing.

6 If there are some offenses that we  
7 should add, we are willing to do that always.  
8 But I would say anyone in good conscience who  
9 reads that list of 170 offenses -- which is  
10 essentially any act of violence, anything  
11 involving a weapon, anything involving  
12 terror, any major drug offenses, it's quite  
13 comprehensive -- understands the intent is to  
14 protect the safety of all New Yorkers. And  
15 we will cooperate fully with ICE, and we have  
16 cooperated fully with ICE.

17 I would disagree with you -- and  
18 again, and I'm willing to add offenses if  
19 they're -- when you come up with a list of  
20 170 offenses, if there were several more that  
21 should be included, I'm perfectly happy to  
22 include them.

23 But on the point about how ICE makes  
24 its requests, I think it is unfair to say





1        Respectfully, by the decision of our -- or  
2        the evaluation of our corporation counsel,  
3        Zach Carter, former U.S. Attorney, that is  
4        not a figure that we see any scenario for  
5        dealing with. The only -- according to the  
6        Supreme Court decision in 2012 written by  
7        Justice Roberts, the current Chief Justice,  
8        any attempt to cut funding must conform to a  
9        specific funding stream. In the executive  
10       order it mentions only two agencies, Justice  
11       and Homeland Security. The grand total of  
12       their funding to New York City is between  
13       \$150 million and \$200 million. And that  
14       means if they went ahead with that, we  
15       believe we can defeat it in court on many  
16       levels. But let's say it were to happen.  
17       Then the federal government would make a  
18       decision to take away anti-terror funding  
19       from New York City. I believe they're going  
20       to think twice before doing that, beyond all  
21       the questions of legality.

22                So talk to Commissioner O'Neill, talk  
23        to police chiefs all around the country, they  
24        will tell you that maintaining the working

1 relationship between immigrant communities  
2 and police is foundational to public safety.  
3 That the minute this type of detainer  
4 situation gets to be much more extensive and  
5 based on much more minor offenses, it will  
6 shut down the willingness of undocumented  
7 folks to speak to police officers for fear of  
8 deportation. It will make us all less safe.  
9 That's the belief structure we're working  
10 from.

11 ASSEMBLYWOMAN MALLIOTAKIS: Well, I  
12 think that we can be compassionate and at the  
13 same time look at protecting our citizens.  
14 And I think there is an issue here. Because  
15 when violent and serious crimes -- that's the  
16 only case in which -- what the city defines  
17 violent and serious crime, that's the only  
18 case in which the city will comply. But  
19 there's a whole slew of other crimes.

20 And you asked for suggestions, so  
21 sexual misconduct, forcible touching, sex  
22 abuse in the second and third degree --

23 CHAIRMAN FARRELL: Your microphone's  
24 off.

1                   ASSEMBLYWOMAN MALLIOTAKIS: -- grand  
2                   larceny, welfare fraud, and identity theft,  
3                   all crimes that currently an individual can  
4                   commit and the city will refuse to comply  
5                   with a detainer request. I think that's  
6                   something we need to look at and make sure  
7                   our priorities are focused on ensuring public  
8                   safety -- and making sure that we're  
9                   complying with the federal law so we get the  
10                  \$7 billion dollars, because we can't afford  
11                  to lose that.

12                 MAYOR DE BLASIO: Again, I'd just  
13                 really quickly -- Assemblymember, I think  
14                 those are two separate concepts. I think we  
15                 believe that the executive order, on its  
16                 face, is contradictory and attempts to do  
17                 things beyond that which the Supreme Court  
18                 has allowed. And we're going to challenge it  
19                 if -- if there's an effort to even take away  
20                 funding. Until that time, it's abstract.  
21                 But we will challenge it in court, and I know  
22                 a number of other cities and states will as  
23                 well.

24                 The last time we had a scenario like

1           that, it was President Obama's executive  
2           action on immigration, which you remember was  
3           challenged in court by states and ultimately  
4           defeated. So we remind people of that  
5           history.

6                     But I would caution, you list in good  
7           faith a number of offenses you believe are  
8           not included. I would like our lawyers to  
9           talk to you to show you how we constructed  
10          the 170 offenses, because I think they do  
11          overlap with some of the categories you've  
12          talked about. I think there are some, and  
13          you mentioned, that I believe are not on our  
14          list and deserve full consideration, and  
15          we'll work with you on that.

16                    I think there are others -- because if  
17          you look on all sorts of areas of sexual  
18          abuse, for example, that clearly delineate a  
19          number of offenses, I believe we are  
20          addressing those issues. But I will  
21          certainly want a dialogue to see if there's  
22          areas we should add.

23                    ASSEMBLYWOMAN MALLIOTAKIS: I  
24          appreciate that.

1                   First, sexual abuse in the first  
2                   degree is included on your list, but second  
3                   and third degree are not, so I appreciate you  
4                   -- and we'll continue the dialogue.

5                   MAYOR DE BLASIO: Thank you.

6                   CHAIRMAN FARRELL: Thank you.

7                   Senator?

8                   CHAIRWOMAN YOUNG: Our next speaker is  
9                   Senator Squadron.

10                  SENATOR SQUADRON: Thank you very  
11                  much, Chairs.

12                  Thank you, Mr. Mayor. And actually, I  
13                  extend that with some specific ones in the  
14                  last year. The city has expended significant  
15                  funds to make good on the prior  
16                  administration's promise to make Bushwick  
17                  Inlet Park a reality, \$160 million.  
18                  Greenpoint and all of the city really  
19                  appreciate that. It shows that a promise can  
20                  be kept; sometimes it takes the next  
21                  administration, but it can.

22                  You referenced design-build earlier,  
23                  which -- for the BQE process, which is going  
24                  to cut like a scar through my district for a

1           number of years. The city, I want to point  
2           out, is funding \$1.7 billion of that rehab,  
3           which is a hundred percent of the funding.  
4           We appreciate that quite a bit.

5                     And on resiliency in Lower  
6           Manhattan -- Assemblymember Niou is also here  
7           and has already started that fight. The city  
8           has put in significant funding, well over  
9           \$100 million, towards a continuous storm  
10          barrier from 23rd Street around the tip of  
11          Lower Manhattan and back around. We still  
12          have a gap, and we want to continue working,  
13          but your resilience folks have been strong on  
14          that. Last year's budget was an investment.

15                    We appreciate all of those things.  
16          There's no question, in that, just a number  
17          of thank yous.

18                    I do, though, want to talk about  
19          Rivington House briefly, which is also in my  
20          district. I think many here have heard of  
21          it. In December I sent a letter to the  
22          corporation counsel suggesting that based on  
23          the administration's comments on Rivington  
24          House, it appeared from the public record

1           that there could potentially be a False  
2           Claims Act case to pursue here.

3                   And just to take you through it, in  
4           September Deputy Mayor Shorris used the term  
5           "deceptive practices." Last March, former  
6           Press Secretary Hinton said Allure misled the  
7           city. In July of 2016, Deputy Mayor Shorris  
8           said that he believed the sellers intended to  
9           keep it as a nursing home.

10                   I'll continue. Mr. Mayor, you in  
11           August said that "They misled us." In  
12           September, you called them "unscrupulous  
13           developers looking to make a buck." And  
14           we've already spoken about housing here. In  
15           April, you said "We are looking at all legal  
16           options because there's a lot of evidence  
17           they misled us." In April, again, you  
18           reiterated that.

19                   Unfortunately, since I sent the letter  
20           on the False Claims Act, the only comment in  
21           response from the administration -- and this  
22           is unfortunately sometimes a pattern -- was  
23           at a press conference where you dismissed the  
24           entire thing out of hand as a simple press

1 release.

2 Well, the letter is here, it's quite  
3 substantive. We have no idea what hasn't  
4 been shared with the public, because it  
5 hasn't been shared with the public. Based on  
6 what has, the Lower East Side community has  
7 good reason to believe a False Claims Act  
8 case, with treble damages, could move  
9 forward.

10 We appreciate the moderate investment  
11 to replace what happened at Rivington House  
12 from the city, but it's moderate. It does  
13 not replace Rivington House. Treble damages  
14 on a False Claims Act could have a  
15 significant impact. Why did you dismiss that  
16 out of hand, and why isn't the city pursuing  
17 a False Claims Act case on the Rivington  
18 House --

19 MAYOR DE BLASIO: Senator, look, you  
20 and I have worked together for a long time,  
21 and I know you put forward the suggestion in  
22 good faith. I may have been speaking out of  
23 frustration; I didn't mean to make that too  
24 personal. I apologize for that.



1           But clearly, all the quotes you read  
2           were based on a very heartfelt anger at what  
3           the developer did, and a sense that the  
4           people were cheated. And you know me, I have  
5           a lot of concerns about some of the ground  
6           rules in our laws related to the free  
7           enterprise system that I think are overly  
8           generous. I would love nothing more than to  
9           find a way to recoup what has been done to  
10          the community.

11          But respectfully, long before your  
12          letter, I have asked this question probably  
13          two dozen times of my corporation counsel,  
14          who goes back and looks constantly for a  
15          pathway and cannot find it, one that he  
16          believes will legally be effective. We're  
17          not going to bring an action if we believe  
18          it's susceptible to immediate defeat.

19          So if you know something we don't  
20          know, I will directly arrange for a  
21          conversation between you and Zach Carter. If  
22          you've found a path we haven't, I will thank  
23          you publicly and we will implement it. But  
24          to date, we have not found a way to recoup

1           that, and it angers me deeply.

2                       What I can say is because we have  
3           changed our administrative approach, you know  
4           now that no such action can be taken without  
5           my personal signature. And if this had been  
6           presented to me, I would have turned it down,  
7           you know, faster than I can finish this  
8           sentence. And the City Council has passed  
9           laws to regulate the process going forward.  
10          There's not going to be another situation  
11          like this. But I would love to get the  
12          resources back; I just don't know how.

13                     SENATOR SQUADRON: Mr. Mayor, to be  
14          clear, I don't have any information the city  
15          doesn't have. That's the problem. All I  
16          have is the extensive public record that I  
17          read, plus the report of the Attorney  
18          General and, you know, executive news reports  
19          about multiple ongoing investigations at lots  
20          of levels and the report of the City  
21          Comptroller on it.

22                     But, you know, the False Claims Act is  
23          pretty clear. It uses very similar language  
24          to the language we've seen out of the

1 administration. And what I would urge and  
2 request, respectfully, is that if there's  
3 something you know that we don't, you share  
4 it with us. Because it frankly leads to  
5 questions when there's this very strong  
6 public outcry at the highest levels of the  
7 administration accusing them of misleading  
8 around the amount they were paying for a deed  
9 restriction that, you know, in everyone's  
10 intent would have required a healthcare  
11 facility, though a for-profit one. And, you  
12 know, to just be told "We agree, but we  
13 can't" is not sufficient for a community  
14 that's still smarting from the loss of a  
15 healthcare facility.

16 MAYOR DE BLASIO: Well, Senator, look,  
17 I think it's absolutely fair to say it would  
18 be helpful to your community to delineate our  
19 legal understanding. We can certainly do  
20 that.

21 You know, in addition to the reforms  
22 to make sure that no such incident happens  
23 again, that we have made major commitments to  
24 the community to try to in some way make up

1           for what was lost. You know that the  
2           Rivington facility had gone through changes  
3           and was being used less than it had in the  
4           past. But we've committed to a nursing  
5           facility, as part of our Health and Hospitals  
6           system, that will help low-income seniors in  
7           your community, as one way to try and give  
8           back some of what was lost. And that is a  
9           good-faith effort.

10                     But the whole episode -- I've been so  
11           angry since this happened, angry for all of  
12           us. And as Attorney General Schneiderman  
13           pointed out in his report, it's quite clear  
14           these developers attempted to game the  
15           system. And I wish they would pay for that.  
16           And you've noted in other situations we have  
17           not done business with them.

18                     But right now, we will look under  
19           every stone. If you can help us find a  
20           better approach, if we have a legal leg to  
21           stand on, we will go for it.

22                     SENATOR SQUADRON: And I do hope that  
23           the corporation counsel or the mayor's office  
24           does respond with exactly that legal

1 delineation of why a False Claims Act is not  
2 appropriate here, sooner rather than later.  
3 I think we would really appreciate it.

4 And thank you for the time and for  
5 those other items.

6 MAYOR DE BLASIO: Thank you.

7 CHAIRWOMAN YOUNG: Thank you, Senator  
8 Squadron.

9 CHAIRMAN FARRELL: Assemblywoman  
10 Hopper -- Hooper.

11 UNIDENTIFIED SPEAKER: Hooper.

12 CHAIRMAN FARRELL: Hooper, I'm sorry.

13 ASSEMBLYWOMAN HOOPER: I didn't  
14 recognize the name.

15 (Laughter; off-the-record comments.)

16 ASSEMBLYWOMAN HOOPER: I'm sorry,  
17 Mr. Chair, I didn't recognize the name. When  
18 you said Hopper, I thought we had a new  
19 member.

20 CHAIRMAN FARRELL: If I kept going,  
21 I'd get the right one.

22 ASSEMBLYWOMAN HOOPER: All right,  
23 thank you.

24 Before I ask the esteemed mayor maybe

1           just one question, really, I'd like to  
2           acknowledge Dean Fuleihan, whom you had the  
3           wisdom to take into your administration.

4                     And Dean, remember, I always told you  
5           it doesn't matter where you go, I shall  
6           always find you. Welcome to Albany.

7                     MAYOR DE BLASIO: I think that was  
8           heartfelt.

9                     (Laughter.)

10                    ASSEMBLYWOMAN HOOPER: It was  
11           heartfelt, yes. Dean and I had a strong,  
12           wonderful working relationship. And one of  
13           the brightest men and one of the brightest  
14           persons I've had the privilege to work with.  
15           And you're really blessed to have him aboard.

16                    My question to Mayor de Blasio relates  
17           to something that definitely has an impact on  
18           Nassau County, from where I hail. Anything  
19           that happens in New York City definitely has  
20           an impact throughout the state. And as we  
21           have witnessed over the past few hours, the  
22           President has taken positions that are quite  
23           unusual as it relates to what we do in the  
24           United States, generally speaking. I'm

1           waiting for the other shoe to fall.

2                   And this question is seeking from you  
3           an opinion as it relates to the unaccompanied  
4           undocumented illegal youths who arrived in  
5           this nation and specifically New York State  
6           in the school year 2015-2016. In the school  
7           district in Hempstead, Nassau County, we have  
8           probably the highest number of undocumented  
9           unaccompanied youth outside of New York City.

10                   And I would like to know if you would  
11           share with me what type of plans would you  
12           have when the President, from what I  
13           understand, will be initiating the removal of  
14           these youth from the United States. How  
15           would you respond to that, so that we might  
16           have some idea of how we should respond when  
17           this -- I anticipate very shortly that the  
18           President will present an executive order to  
19           remove these young people. Could you share  
20           that with me, please?

21                   MAYOR DE BLASIO: Yes, absolutely,  
22           Assemblymember. I thank you for the  
23           question. It's one of the most powerful  
24           questions before us as a nation right now.

1                   Look, I raised this concern to the  
2                   President when I met with him, and it was --

3                   ASSEMBLYWOMAN HOOPER: Excuse me, you  
4                   said you raised that specific issue?

5                   MAYOR DE BLASIO: The concern about  
6                   the --

7                   ASSEMBLYWOMAN HOOPER: About the  
8                   children?

9                   MAYOR DE BLASIO: You can call them  
10                  Dreamers, you can call them DACA children,  
11                  whatever way you want to call them.

12                  ASSEMBLYWOMAN HOOPER: Yes, the DACA  
13                  children.

14                  MAYOR DE BLASIO: The way we talked  
15                  about it was specifically about children who  
16                  came here not of their own choice, grew up  
17                  here, essentially, have only known America,  
18                  and in many instances would have no  
19                  connection to the country they came from.  
20                  And at that moment in the discussion with the  
21                  President, then President-Elect, the then  
22                  Senator, now Attorney General, Mr. Sessions,  
23                  participated in the conversation.

24                  And I spoke very explicitly about the



1        impact that it would make on children and  
2        families to have these children deported,  
3        what it would mean morally, what it would  
4        mean humanly, what it would mean for the  
5        families left behind, what it would mean  
6        again for the relationship with our police in  
7        communities. We went into great detail.

8                I will not typify the President --  
9        then President-elect, now President Trump's  
10       response. But I will say that I think he  
11       recognized that this was a different part of  
12       the reality than the larger immigration  
13       debate. And he has made several statements  
14       since becoming president that suggest he may  
15       treat those eligible for DACA differently.  
16       Now, I do not want to assume anything,  
17       especially given what I see as the extremism  
18       of the recent executive orders. But I'm  
19       going to hold out hope that there will be  
20       some understanding in the new administration  
21       that those children should be treated,  
22       unquestionably, as you would any other  
23       American, because that's the only thing  
24       they've known, the vast majority of them.

1           And a lot of them are contributing greatly to  
2           our nation right now and have great promise  
3           and should be treated as children of promise  
4           who love this country.

5                       So I'm going to offer that as, I hope,  
6           an indicator of something that may turn out  
7           better than we fear.

8                       In the event it does not, we will  
9           actively engage in any legal action we can,  
10          working with other cities and states -- and I  
11          know many will join -- to stop any effort to  
12          deport our Dreamers.

13                      And we will also, as we've started to  
14          do in New York City, provide legal assistance  
15          to help families not be torn apart. Again,  
16          this is moral, and some of our faith leaders  
17          are speaking out deeply on this. In fact,  
18          the U.S. Conference of Bishops is meeting  
19          here on an emergency basis to address this  
20          crisis, because they believe as Pope Francis  
21          believes, that all immigrants should be  
22          respected wherever they are in the world.

23                      But it's also a very practical  
24          challenge. Because the minute Dreamers are

1       deported in any appreciable numbers, that  
2       will be the final straw, again, in the  
3       relationship between police and community.  
4       It also will leave many families without a  
5       breadwinner and start to force more and more  
6       responsibility for those families onto  
7       taxpayers. It's a very slippery slope.

8               So our best option, if we do get to  
9       that moment, is to, one, fight legally with  
10      all the tools we have, and, two, provide  
11      individual support for those families to try  
12      and stop those individual deportations.

13             ASSEMBLYWOMAN HOOPER: I really  
14      appreciate the position that New York City  
15      has taken. As you are aware, we in the  
16      Assembly have been working diligently to  
17      address the issues of the Dreamers. But  
18      specifically I'm speaking about what I  
19      believe I heard, or maybe read, that the  
20      President has indicated that anyone who has  
21      come here and has used his or her information  
22      fraudulently -- in other words, the wrong  
23      address or illegal information -- I'm  
24      thinking now about the youth who came here

1       who were unaccompanied, without adults, who  
2       have been here less than two years and are in  
3       elementary school.

4               In the Village of Hempstead, we have a  
5       very large influx of those youth, as well as  
6       in the Roosevelt School District. And I  
7       assume that you have that representation also  
8       in the City of New York.

9               With the Dreamers and those who have  
10      been here, they have not -- they do not have  
11      a history of any other place except the  
12      United States. But these young children who  
13      came unaccompanied, undocumented, have been  
14      here less than 24 months, how would you  
15      address that should your President decide to  
16      say that because they used an address that  
17      was really not a legal address, or an  
18      incorrect address, and they are using funds  
19      that are somehow or another directed from the  
20      federal government into the school district,  
21      how would you -- how could you suggest that  
22      we address that issue if those youth are  
23      being attempted to be removed? I'm talking  
24      about children under the age of 18.

1                   MAYOR DE BLASIO: Right. Yeah. I  
2                   think it's the same -- I think it's -- you're  
3                   raising an important piece of the equation.  
4                   I think it's the same response, that the  
5                   bottom line in whatever technicality is used,  
6                   it still will mean a family torn apart, which  
7                   none of us who are in public service should  
8                   be party to, and it means a lot of unintended  
9                   consequences.

10                  I think we need to recognize and just  
11                  broaden the point, there's 11 or 12 million  
12                  people in this country. And the fact that  
13                  for years and years, a lot of Republicans,  
14                  including Ronald Reagan, tried to find  
15                  constructive ways to acknowledge that reality  
16                  and work with it in a positive, appropriate  
17                  path forward rather than try mass  
18                  deportation.

19                  And it is -- you know, we've obviously  
20                  heard at moments in the campaign, the --  
21                  Candidate Trump said some very shocking  
22                  things, including at one point praising a  
23                  deportation effort from the 1950s that was a  
24                  truly mass deportation initiative.

1           But look, it's important that he had  
2           to go all the way back to the 1950s. That if  
3           you go from the 1960s to present, Democrats  
4           and Republicans alike did not attempt mass  
5           deportation. In fact, President Reagan  
6           attempted to find some kind of way to address  
7           the issue at its root.

8           I think the answer is the same either  
9           way, to try and use every legal recourse we  
10          have and to try and support those individual  
11          families -- because, otherwise, a lot of  
12          families torn apart, a lot of  
13          responsibilities that will then fall on  
14          localities that aren't able to handle it as  
15          families are torn apart.

16                 ASSEMBLYWOMAN HOOPER: Thank you.

17          Lastly --

18                 CHAIRMAN FARRELL: Thank you.

19                 ASSEMBLYWOMAN HOOPER: Just one last  
20          question? Oh, I'm out of time. I'll ask you  
21          later. Thank you.

22                 MAYOR DE BLASIO: Thank you.

23                 CHAIRMAN FARRELL: Thank you.

24                 CHAIRWOMAN YOUNG: Thank you.

1                   Senator Persaud.

2                   SENATOR PERSAUD: Thank you. Thank  
3                   you, Mr. Mayor, for being here so that we can  
4                   discuss issues affecting New York City in  
5                   particular.

6                   You mentioned that you will be  
7                   unveiling a new comprehensive program to deal  
8                   with the homeless population. As we know,  
9                   last November our studies showed that  
10                  New York City had the highest number of  
11                  homeless people ever. Most of the people,  
12                  particularly the individuals who are living  
13                  on the streets, are there because of mental  
14                  illnesses.

15                  In this comprehensive plan that you  
16                  will unveil, will you have an aggressive plan  
17                  to deal with the mental health issues of the  
18                  homeless population?

19                  MAYOR DE BLASIO: Senator, thank you.  
20                  And the quick answer is yes, that that piece  
21                  of the equation is already in motion. I  
22                  think you're pointing out something we have  
23                  to discuss more in the discussion on  
24                  homelessness.

1           There are two fronts in this battle:  
2       Street homelessness, meaning absolutely,  
3       permanently, 24-hour permanently homeless  
4       folks who, depending on the survey that's  
5       taken, typically number between 3,000 and  
6       4,000 people. Which is obviously too big a  
7       number, but is nowhere near the number of  
8       folks in a shelter. And when we talk about  
9       street homeless, we have to exclude  
10      panhandlers who have a home, we have to  
11      exclude people who have a shelter but go out  
12      during the day and hang out on the street.

13           The real core of that problem you  
14      indicate is 3,000 to 4,000 people. They need  
15      mental health services, they need substance  
16      misuse services. Overwhelmingly, they are  
17      there because of one of those two problems.

18           And now through the HOME-STAT  
19      initiative, the most intensive outreach  
20      effort in the history of the city or any  
21      city, 700 of them since March have come in  
22      and accepted services and not gone back out,  
23      which is a very promising sign.

24           On the other side, the other battle is



1 on homelessness that takes the form of folks  
2 ending up in a shelter. That's, today, just  
3 over 60,000 people. It was higher a few  
4 months ago, thank God has come down a little.

5 Those folks increasingly are families,  
6 increasingly because of economic reasons, not  
7 mental health or substance reasons,  
8 increasingly are working people or people who  
9 recently were working. And that has all to  
10 do with the growing cost of housing in the  
11 city and the lack of good-paying jobs.

12 That's what we're focused on now. And  
13 so that plan that will come out will  
14 particularly focus on the shelter population,  
15 because the thrust in terms of street  
16 homelessness -- we've seen great success with  
17 HOME-STAT, we're seeing great success with  
18 the Safe Haven Program, which is finding  
19 smaller facilities that people would come  
20 into off the street.

21 We're seeing great success with the  
22 NYPD playing a leadership role now,  
23 supervising and managing safety and security  
24 in our shelters. That's having a real

1           impact. We think that will help get more  
2           people off the street.

3                   And we now have the biggest mental  
4           health initiative we've ever had, the Thrive  
5           program that my wife initiated, which means  
6           that we have much more available for people  
7           who need mental health services, when they do  
8           come off the street, we have more options for  
9           them now.

10                   So I think you'll see in the plan a  
11          lot of strength on the street homelessness  
12          side, a lot more we have to do and do better  
13          on the shelter homelessness side.

14                   SENATOR PERSAUD: Okay, another thing  
15          on the homeless. I had the opportunity to  
16          tour a site, a homeless shelter, a couple of  
17          weeks ago. And the underlying complaint that  
18          many of them had was about getting an  
19          apartment. They have vouchers, but the  
20          owners and landlords are not willing to  
21          accept the vouchers.

22                   What is the city doing to stress to  
23          the landlords to accept vouchers so that we  
24          can remove these people who have the means of

1 getting into an apartment, to get into an  
2 apartment?

3 And landlords are also saying that  
4 when they accept vouchers, if the client no  
5 longer pays their portion of it, they're left  
6 without funding. What is the city doing to  
7 let landlords understand that they will not  
8 be left high and dry?

9 MAYOR DE BLASIO: Two crucial  
10 initiatives. First, I had the honor when I  
11 was in the City Council to be the author of  
12 legislation which banned discrimination  
13 against Section 8 holders and other folks who  
14 got income from affordable housing programs.  
15 That was very important because a lot of  
16 people were being turned away simply because  
17 their own government said, You qualify,  
18 here's support -- they were being turned away  
19 literally because they had that support.  
20 That is now illegal in New York City. We've  
21 intensified enforcement of that. Our Human  
22 Rights Commission has been beefed up to be a  
23 stronger player in that enforcement.

24 Second, I've met personally with some

1 of the leading landlords who provide housing  
2 for folks with Section 8 and other programs.  
3 I have told them my personal commitment,  
4 which we've stayed true to. I've told them  
5 that unlike the past, when Advantage was  
6 canceled -- which I think was the biggest  
7 single mistake in the history of homelessness  
8 in New York City, and that was April 2011.  
9 At that point there were about 36,000 people  
10 in shelter. By the end of the Bloomberg  
11 administration, there were 50,000 people in  
12 shelter. And the linear connection between  
13 the choice to end Advantage and that huge  
14 uptick, April 2011 to December 2013, you can  
15 see it right there, is because of the loss of  
16 Advantage.

17 That also burned a lot of landlords  
18 who had been told they could depend on it.  
19 When I came in, I met with a lot of them, and  
20 my senior leaders of the administration have  
21 met with them, to say we believe in these  
22 subsidy approaches, rental assistance  
23 approaches, they have worked, they're much  
24 better for the taxpayer.

1           The taxpayer saves a huge amount of  
2           money with a subsidy rather than somebody  
3           ending up in a shelter. Remember, the cost  
4           of a family in shelter is now, for a year,  
5           pushing \$40,000. A rental subsidy is nowhere  
6           near that.

7           So I've made clear to those landlords  
8           that we are there for the long haul. And I  
9           think they've heard it. But we have more  
10          work to do to convince them.

11          What I can say is that under previous  
12          administrations, the follow-through with  
13          landlords was very shoddy by the government.  
14          They had every right to say that the  
15          inspections took too long, the reimbursements  
16          took too long. We've made major strides in  
17          fixing those problems and showing them that  
18          we will not let the bureaucracy stand in the  
19          way of them getting the resources they  
20          deserve.

21                 SENATOR PERSAUD: Thank you very much.

22                 CHAIRWOMAN YOUNG: Thank you.

23                 CHAIRMAN FARRELL: Thank you.

24                 Assemblyman Castorina.

1                   ASSEMBLYMAN CASTORINA: Thank you,  
2                   Mr. Mayor, for being here.

3                   Thank you, Chair.

4                   I have two very brief questions. The  
5                   first is with respect to mayoral control of  
6                   the schools. We had a vote last year, I  
7                   voted no. Which is unusual, because I am  
8                   very much in favor of mayoral control. I  
9                   think it's a good plan, it's a good model.  
10                  But what concerns me is that throughout the  
11                  time that we've had mayoral control in the  
12                  City of New York, there's been lots of  
13                  opportunity for people to criticize the way  
14                  it's been implemented and to talk about the  
15                  structure, and there's been so many  
16                  opportunities for the city to hear these  
17                  concerns. But it doesn't appear as though  
18                  anything has been done.

19                  And particularly my concern is that  
20                  the board itself essentially operates as a  
21                  rubber stamp for the mayor. There's no real  
22                  autonomy. And so I'd like for you to speak a  
23                  little bit about that.

24                  And then the second question relates

1 to the issue that my colleague Assemblymember  
2 Malliotakis brought up.

3 MAYOR DE BLASIO: Sure. On the first  
4 point, Assemblyman, I appreciate the  
5 question.

6 Assemblyman, there is a reason why so  
7 many business leaders in New York City  
8 support mayoral control. People are  
9 absolutely, adamantly focused on the bottom  
10 line and the future of our city and our  
11 workforce because of the simple -- I'll give  
12 you the easiest statistic in the world. The  
13 day that Mayor Bloomberg achieved mayoral  
14 control, which I praised at the time and have  
15 praised ever since, our graduation rate was  
16 under 50 percent. Today our graduation rate  
17 is over 70 percent. That was achieved in  
18 less than 15 years, and we are aiming for  
19 80 percent over the next eight years. And  
20 we're going to get there.

21 Our test scores have continually gone  
22 up. We are now essentially equivalent with  
23 the rest of the state in terms of where we  
24 stand on graduation rate and in many ways are

1       getting close on test scores. These were  
2       inconceivable ideas -- I was a school board  
3       member in my communities in Brooklyn in the  
4       beginning of the 2000s. If you had told me  
5       that we could make that kind of progress in  
6       this kind of time, I would have told you,  
7       Wow, you're a dreamer, that's impossible.  
8       But it happened because it was a better  
9       system. And I commend Mayor Bloomberg and I  
10      commend my colleagues in the business  
11      community who have stood with us every step  
12      along the way.

13             The bottom-line question you raised  
14      about autonomy, I can tell you there have  
15      been many times, many times when the members  
16      of the PEP have rejected a proposal that came  
17      forward in the initial discussion, and that  
18      it had to be modified to meet their concerns.  
19      There have been times when a proposal was  
20      agreed upon and then, in the debate at the  
21      meeting, was rejected.

22             Now, with all due respect to my  
23      predecessor, you may remember on the question  
24      of social promotion when he had some members



1       vote against his proposal, he removed them  
2       the same day. That's not how I have  
3       operated. I have said I'm naming good people  
4       with diverse views, and I expect them to  
5       exercise their judgement. And they've pushed  
6       back many a time, and they've voted things  
7       down, and they're still in their seat.

8               So I think we've improved upon the  
9       dynamics of the original iteration.  
10       Remember, and I say this with real respect  
11       for my predecessor -- I always had  
12       disagreements too -- but he had his own brand  
13       of mayoral control. I've tried to make it  
14       more responsive to checks and balances and  
15       more responsive to parents as a public school  
16       parent myself, which is obviously something  
17       that's very different from my predecessor. I  
18       lived it with my own kids, I was a school  
19       board member. I think we've made progress.

20              But the number-one thing I want to say  
21       as you consider your vote this year, I think  
22       you rightfully demand of us results. The  
23       best measures, literally the very best  
24       measures, graduation rate and test scores, I

1 can show you chapter and verse why we keep  
2 succeeding. And those numbers are going to  
3 continue to improve. That's helping kids'  
4 lives.

5 But if I didn't have the ability to  
6 make things happen quickly -- this is a story  
7 of pre-K too. The only reason, with your  
8 support, we moved pre-K in two years from  
9 20,000 to 70,000 kids -- we could never have  
10 done that without mayoral control. It would  
11 have taken a decade or more.

12 I just ask that you consider that,  
13 because I know -- and we come from different  
14 parties. That doesn't mean we can't find  
15 common ground. I know you want efficient  
16 government, I know you want the taxpayers'  
17 needs to be respected --

18 ASSEMBLYMAN CASTORINA: And  
19 transparency.

20 MAYOR DE BLASIO: Right. I think we  
21 have it with mayoral control in a way we  
22 never had in the past.

23 ASSEMBLYMAN CASTORINA: I'm likewise  
24 concerned about the fiscal implications of

1       the City of New York deciding not to follow  
2       an executive order of the President. I think  
3       it's wrong, I think it's -- In fact, I think  
4       it would be illegal.

5               Instead of going forward and digging  
6       in on the notion of sanctuary cities, why not  
7       reach out to the administration and talk  
8       about a real pathway to citizenship? Why not  
9       focus resources in that direction as opposed  
10      to this face-off of sorts? Which is  
11      certainly only going to create more acrimony,  
12      may put the city at risk for losing billions  
13      of dollars in federal aid, and also the fact  
14      that the notion of a sanctuary city creates  
15      really a second-class citizen of sorts,  
16      people that have to live in the shadows,  
17      people that have to operate in a different  
18      economy at times. And it would make more  
19      sense, I think, from a humane, from a moral  
20      perspective, that we work toward a pathway to  
21      citizenship for these undocumented folks.

22              And I wonder if you have had the  
23      opportunity to speak with either the  
24      President-elect or the President about this

1 issue, and if you plan on doing so.

2 MAYOR DE BLASIO: I would happily  
3 engage in that conversation. I began that  
4 conversation when he was President-elect, and  
5 when it was Senator Sessions, by describing  
6 what we are doing in New York City.

7 I think the term "sanctuary city" is  
8 being used very broadly, and I think we need  
9 to reevaluate the understanding of that  
10 concept because it's different in lots of  
11 different places, first of all. And  
12 secondly, I don't think it gets to the heart  
13 of the matter.

14 Back I think as far as Ed Koch, New  
15 York City made a decision that for public  
16 safety reasons alone, we could not create a  
17 dynamic where our undocumented immigrants  
18 feared talking to the police if they saw a  
19 crime or were a victim of crime.

20 This is a reality all over this  
21 country when you talk about 11 million or  
22 12 million people. We at the local level  
23 have to make decisions what to do with the  
24 reality as we have received it. We didn't

1       create the immigration reality -- it  
2       occurred, and now we have to deal with it.

3               What we've seen is consistency by  
4       local leaders of both parties. We have seen  
5       this from police chiefs all over the country,  
6       we've seen it with faith leaders all over the  
7       country. The common thread in all regions of  
8       the country has been to recognize that if we  
9       are cutting off communication between police  
10      and immigrants, it has very dangerous  
11      ramifications for public safety. And if we  
12      end up in a situation where people are  
13      deported -- again, breadwinners deported,  
14      parents deported, children left behind --  
15      immoral, in my view, but from a practical  
16      point of view, of course the taxpayer is  
17      going to be left holding the bag, and in a  
18      situation that creates huge human pain.

19             So this is very practical. "Sanctuary  
20      cities" as a phrase suggests something  
21      ideological. That's why I don't tend to use  
22      it. I come to a very practical place. Now,  
23      Mayor Koch felt this, Mayor Dinkins felt  
24      this. Famously, Mayor Giuliani felt it and

1       explicitly continued for eight full years  
2       that concept as a practical matter. And so  
3       on, Mayor Bloomberg and straight through to  
4       me.

5               I think we have to look at that and  
6       understand -- and this is why I talked to  
7       President Trump -- that that's a reality.  
8       And I urged him to talk to the police chiefs  
9       of the nation -- Commissioner O'Neill has  
10      spoken out, Chief Beck in L.A. has spoken  
11      out, many other cases. I said, "Let's take  
12      it away from the politicians. Talk to the  
13      police chiefs and seek their guidance, I  
14      guarantee you they will tell you this is a  
15      dangerous situation that cannot be acted on  
16      too precipitously."

17             Now, as for a path to citizenship, I  
18      agree with you, that's what we should get the  
19      conversation back to. There can be  
20      differences, but I think again you've noticed  
21      a bipartisan trend up through the last few  
22      years of both sides looking for a solution  
23      that did involve a pathway to citizenship.

24             ASSEMBLYMAN CASTORINA: It's

1 pragmatic, I agree.

2 MAYOR DE BLASIO: It's in everyone's  
3 interest. And I believe in comprehensive  
4 immigration reform with a pathway to  
5 citizenship. There are plenty of Republicans  
6 who have told me privately they do too --  
7 different iterations, but they do too.

8 I think we should get the conversation  
9 back there. We're going to use everything  
10 we've got to work with everyone in Washington  
11 to reframe the conversation back to that  
12 core, root problem.

13 But I will tell you that I referred  
14 explicitly in my conversation with the  
15 President-elect and the then-Senator Sessions  
16 to the 170 offenses that we fully cooperate  
17 with ICE on. And I said I think this might  
18 be a helpful model for getting past it,  
19 because I don't think anyone can debate that.

20 And I can have a respectful  
21 disagreement with your colleague on whether  
22 we've gotten exactly the right 170, but I  
23 think we all agree on those 170. Forget if  
24 you say there's more or you think we should

1       add -- I think if you look at those 170,  
2       though, you'll find nothing there you would  
3       say to take away. I think if that were the  
4       concept all over the country, let's get to  
5       some unity and bipartisanship. We all should  
6       agree on that. And if New York City could do  
7       it, anywhere could do it. Then we could also  
8       open the door to a better discussion around  
9       respecting the kids who qualify for DACA who  
10      really are different than the people who made  
11      the decision to come here, and a different  
12      discussion about what would a pathway to  
13      citizenship look like for anyone who's here  
14      and what they would have to do to qualify for  
15      it. That would be healthier.

16             Finally, to your opening point, we do  
17      not see this as an act of defiance for  
18      defiance's sake. We see an executive  
19      order -- which, as you'll remember again,  
20      President Obama's immigration action was  
21      challenged by dozens of states. Even if I  
22      disagree with them, they exercised their  
23      rights under the Constitution and they  
24      prevailed. We saw an executive order that we



1       would thought would make our city less safe,  
2       and we also thought it could at maximum be  
3       applied very narrowly, according to the  
4       Supreme Court decision. That's our right and  
5       obligation as a city, to go and defend our  
6       interests and assert that. We do not believe  
7       that Justice Robert's decision would allow it  
8       ever to get near the larger pool of money  
9       that the city receives.

10               But to say we will accept funding cuts  
11       and therefore do something that we think will  
12       make us less safe in the bargain, I don't  
13       think I'd be serving the people of New York  
14       City for that to be my position.

15               CHAIRMAN FARRELL: Thank you.

16               ASSEMBLYMAN CASTORINA: Thank you.

17       Thank you, Mr. Chairman.

18               Thank you, Mayor.

19               MAYOR DE BLASIO: Thank you.

20               CHAIRWOMAN YOUNG: Senator Murphy.

21               SENATOR MURPHY: Hello, Mayor.

22               MAYOR DE BLASIO: Hello, Senator.

23               CHAIRMAN FARRELL: We have two more  
24       people, one Senator Murphy and one over here.

1                   SENATOR MURPHY: Welcome to Albany.

2                   It was great to see you down in Washington at  
3                   the inauguration.

4                   MAYOR DE BLASIO: Yes.

5                   Congratulations again.

6                   SENATOR MURPHY: Mayor, last year I  
7                   asked you to convince me of why I should  
8                   trust you with mayoral control, billions of  
9                   dollars, the ability to educate over  
10                  1 million kids and give them the opportunity  
11                  to succeed.

12                  In my eyes, you failed. I did not.  
13                  Now you're back here one year later asking  
14                  for three years of mayoral control. And I  
15                  just find this absolutely, incredibly  
16                  astonishing, with everything that's going on  
17                  with you and your administration. Mayor,  
18                  things have only gotten worse, not -- and I  
19                  repeat, not -- better for you and your  
20                  administration.

21                  And what I mean by that, which should  
22                  be of grave concern to every single person in  
23                  this room, is the two sitting grand juries,  
24                  is the \$11 million that you're asking the

1           taxpayers to pay for representation for you  
2           and your administration. I say we take the  
3           \$11 million and we give it to our veterans  
4           who represent New York State and the  
5           United States.

6                        So I'm here again to ask you, convince  
7           me why I should vote yes for mayoral control  
8           and give you billions of dollars, with all  
9           the scrutiny that's going on with you and  
10          your administration.

11                      MAYOR DE BLASIO: Senator,  
12          respectfully, I have asserted consistently  
13          that we have handled all matters of  
14          government appropriately, made every effort  
15          to cooperate in investigations, providing  
16          information that we believe will show that  
17          beyond a shadow of a doubt.

18                      In terms of the governance of our  
19          school system, again, if you're interested in  
20          results -- I would hope you would be -- for  
21          1.1 million children, consistently improved  
22          graduation rates, consistently improved test  
23          scores should mean something to you.

24                      In terms of the needs of taxpayers,

1 don't believe me, believe the business  
2 leadership of New York City, which across the  
3 board supports mayoral control of education.  
4 And they have watched the three years of  
5 progress that we have added on top of what  
6 Mayor Bloomberg started, and they  
7 wholeheartedly and energetically support  
8 mayoral control, and they come here to Albany  
9 to say it. And they've contacted a lot of  
10 you to say it. They believe removal of  
11 mayoral control would set New York City back  
12 deeply and return to a system -- not  
13 allegations, Senator, allegations against me  
14 that I believe fundamentally --

15 SENATOR MURPHY: These aren't my  
16 allegations.

17 MAYOR DE BLASIO: Senator, I'm sorry,  
18 they are allegations --

19 SENATOR MURPHY: These are not my  
20 allegations. This is at another whole level  
21 besides me.

22 MAYOR DE BLASIO: Senator --  
23 Senator -- allegations are one thing. In the  
24 previous system of educational governance,

1       they weren't just allegations, there was  
2       proof of corruption and chaos year after year  
3       after year. That's what Mayor Bloomberg  
4       decided to break us out of, and I commended  
5       him at the time. And this is a much, much  
6       better system.

7               So you can vote against something that  
8       has been proven to work. As I mentioned, in  
9       less than 15 years, the graduation rate going  
10      from under 50 percent to over 70 percent.  
11      You can vote against something the entire  
12      business establishment believes is good for  
13      the children of New York City. You can vote  
14      against something that philosophically I  
15      would hope you would agree with.

16             Because you don't like me, or you  
17      don't agree with me, that's your business.  
18      But this is more than about any of us. This  
19      is about a decision on how we're going to  
20      govern our schools and whether we're going to  
21      serve 1.1 million children or not. If you  
22      want to vote for the old system of chaos and  
23      corruption, that's your choice.

24             SENATOR MURPHY: How many kids go on

1 to college?

2 MAYOR DE BLASIO: Wait a minute. I'm  
3 the first to say we had a school system under  
4 the previous governance structure that failed  
5 our children in terms of graduation, failed  
6 our children in terms of getting into  
7 college. We have said openly that we need to  
8 retool this school system in so many ways to  
9 increase not only graduation rates but  
10 college readiness, which is unacceptably low.

11 But this entire school system, we have  
12 only begun the work of retooling it.  
13 Full-day pre-K is part of it. Training all  
14 our teachers on a higher level is part of it.  
15 If you prefer to vote for a system that was  
16 typified by chaos and corruption, that's your  
17 choice. I can tell you that people in  
18 New York City will tell you, especially our  
19 business leadership, that you would be voting  
20 to take us backwards.

21 SENATOR MURPHY: Well, I don't believe  
22 it has gotten any better --

23 MAYOR DE BLASIO: Well, given these  
24 facts, I don't know how you can --

1           SENATOR MURPHY:  -- under your  
2           administration.  I'd like to know what your  
3           graduation rate was, having people go on to  
4           graduation --

5           MAYOR DE BLASIO:  You actually deny --

6           SENATOR MURPHY:  -- what kind of  
7           careers they come out with --

8           MAYOR DE BLASIO:  Wait, wait, wait,  
9           wait.  You deny graduation --

10          SENATOR MURPHY:  -- are they coming  
11          back to New York City.

12          MAYOR DE BLASIO:  Senator, you would  
13          literally --

14          SENATOR MURPHY:  These are some of the  
15          simple questions that I'd like answered.

16          MAYOR DE BLASIO:  If you're saying the  
17          State Department of Education is misreporting  
18          graduation rates around the state, then you  
19          should take that up with the State Department  
20          of Education.  These are not my numbers,  
21          they're their numbers.

22          Graduation rate and test scores, those  
23          are things you will learn from the State  
24          Department of Education.  They have made

1 clear the steady progress we've made in  
2 New York City under two administrations.  
3 Those are matters of fact.

4 SENATOR MURPHY: Well, like I said  
5 last year, it was a matter of trust. And the  
6 trust factor --

7 MAYOR DE BLASIO: It's a trust system,  
8 Senator.

9 SENATOR MURPHY: -- the -- excuse me,  
10 I'm talking. The trust factor is just  
11 something that everybody in this room and  
12 everybody in New York State should be worried  
13 about. And you did not, you did not convince  
14 me last year. And just the little dialogue  
15 that we've had this year, it's just still not  
16 convincing to me --

17 MAYOR DE BLASIO: Senator, you  
18 obviously have a bone to pick --

19 SENATOR MURPHY: -- okay?

20 MAYOR DE BLASIO: You obviously have a  
21 bone to pick. If you're literally going to  
22 vote for a system of chaos and corruption,  
23 that's your business. And people will  
24 remember that vote.



1           But I'm telling you, if you are  
2           denying an increase in graduation rate,  
3           denying an increase in test scores,  
4           denying --

5           SENATOR MURPHY: I did not say  
6           anything of the sort.

7           MAYOR DE BLASIO: -- mayoral control  
8           of education started by a Republican mayor --

9           SENATOR MURPHY: All's I wanted was  
10          the statistics that you should provide for  
11          us. That's all I asked for.

12          MAYOR DE BLASIO: If you think a  
13          system started by a Republican mayor and  
14          backed up by the business community in a  
15          New York City is a bad system, I look forward  
16          to you having that conversation with the  
17          business community. I think they'll feel  
18          differently about your view.

19          SENATOR MURPHY: Thank you, Mayor.

20          CHAIRWOMAN YOUNG: Thank you.

21          CHAIRMAN FARRELL: Thank you.

22          To close, Mr. Carroll.

23          ASSEMBLYMAN CARROLL: Good afternoon,  
24          Mayor de Blasio.

1           First I want to applaud you and the  
2           City Council for your leadership on the  
3           plastic bag issue. Conservation is very  
4           important. And not so coincidentally, I have  
5           my reusable bag, because I don't leave home  
6           without it.

7           MAYOR DE BLASIO: Well done,  
8           Assemblyman.

9           ASSEMBLYMAN CARROLL: My first  
10          question is about voting reforms here in New  
11          York State. I'm glad that you support  
12          same-day registration and early voting. But  
13          do you support shortening the time period a  
14          voter has to wait to change their party  
15          enrollment, which in some cases can be  
16          11 months?

17          MAYOR DE BLASIO: Assemblyman -- and I  
18          just want to note, thank you for your  
19          service. Because you are my Assemblyman in  
20          Brooklyn, and I welcome you to your new role.

21          I think we need same-day registration,  
22          early voting, electronic poll books, a series  
23          of reforms that are all -- you know, all over  
24          the nation. We're one of the only states

1           that has none of those.

2                   I think that we rightfully have a  
3           system that recognizes party membership and  
4           respects it in the primary process, but I  
5           think our deadlines are too long. I would be  
6           comfortable with a much shorter time period,  
7           a few months or whatever might be  
8           appropriate, because I think people honestly,  
9           especially in a very dynamic political  
10          environment, make a decision sometimes that  
11          they are changing -- I've certainly met  
12          people who have made decisions personally to  
13          change their party affiliation, go from  
14          independent to party member or from one party  
15          to another one for very real reasons.

16                   But enough of a time gap to discourage  
17          what exists now in some states, which is in  
18          the morning you're a Democrat, you sign up to  
19          be a Republican for just that day, just that  
20          caucus or primary, and by evening you're back  
21          to being a Democrat. I don't think that's  
22          fair. I think then people are trying to game  
23          each election and have an impact that really  
24          is not about, you know, the broader views of

1 the people, but trying to get inside and  
2 manipulate the specific process.

3 General elections, obviously everyone  
4 gets to vote equally. But in primaries, I  
5 think party identifications matter. But we  
6 shouldn't create such a barrier that  
7 people -- like a year away, I think is our  
8 current reality. It's just too onerous and  
9 doesn't reflect the realities of human  
10 decision-making.

11 ASSEMBLYMAN CARROLL: My next question  
12 is about the mansion tax that you proposed.  
13 Is this tax in addition to the current tax on  
14 \$1 million home sales, or is it taking its  
15 place?

16 MAYOR DE BLASIO: Go ahead.

17 DIRECTOR FULEIHAN: It's in addition.

18 ASSEMBLYMAN CARROLL: It's in  
19 addition. And what is the rate?

20 DIRECTOR FULEIHAN: The current rate  
21 is 2.5 percent. It's a marginal -- the  
22 marginal rate at that level will be  
23 2.5 percent. So the marginal rate right now  
24 is 1.4 percent.

1                   ASSEMBLYMAN CARROLL: My next question  
2           is a question that both myself and my  
3           colleague Assemblymember Richardson care  
4           deeply about, and it's about area median  
5           income and whether you've spoken with our  
6           federal representatives about seeing if we  
7           can change the way area median income is  
8           computed so that it is more locally based.

9                   MAYOR DE BLASIO: Look, yes, I think  
10          that's a powerful issue. First of all, I  
11          think area median income is such a difficult  
12          thing for average people to understand. I  
13          struggle with it, everyone in meetings  
14          struggles with their different charts and  
15          all.

16                 I think it would be better for all of  
17          us to, one, start talking about household  
18          income, which is really the thing people can  
19          make sense of. And two, you're right, the  
20          federal measure is so broad it doesn't  
21          reflect local reality.

22                 I'm not sure how to go about getting  
23          that changed, but it's the kind of thing we'd  
24          like to see action on. And we need to do a

1           better job, again, translating the numbers.

2                       But one of the things that we are  
3           going to try and address, because we hear it  
4           from -- we've heard it from you and  
5           Assemblymember Richardson and we've heard it  
6           from other members of the Legislature and the  
7           Council, is we understand there's tremendous  
8           frustration that so many folks have lower  
9           incomes and are grappling with trying to find  
10          enough housing.

11                      In a number of the affordable housing  
12          projects we're working on, we think there's  
13          ways to improve the mix of units so that more  
14          can be lower-income. We're going to have  
15          more to say on that soon.

16                      But second, I've got to do a better  
17          job of explaining to the people of New York  
18          City the underlying theory of the affordable  
19          housing program, which is for folks of  
20          different income bands on purpose. We could  
21          have had a program that was just middle-class  
22          affordable housing, just working-class  
23          affordable housing, just low-income  
24          affordable housing. We said we needed to do

1           some of all of the above to have a strong,  
2           vibrant city.

3                     There are folks -- I told the story  
4           the other day of parents who were part of my  
5           son Dante's -- their kids were on my son's  
6           Dante's travel baseball team. You know the  
7           78th Precinct Youth League very well.

8                     ASSEMBLYMAN CARROLL: I do.

9                     MAYOR DE BLASIO: And these two  
10          parents, literally a New York City  
11          firefighter and a nurse at one of our local  
12          hospitals -- I remember the day we were  
13          sitting in the bleachers together and they  
14          said to me they looked all over Brooklyn,  
15          they could not find a home they could afford  
16          in Brooklyn. This was maybe -- you know,  
17          less than 10 years ago, eight years ago,  
18          perhaps. Quintessential, you know,  
19          two-income, hardworking folks doing public  
20          service jobs.

21                    And my answer is that our housing plan  
22          is supposed to serve them too. So you'll see  
23          middle-class affordable housing in our plan,  
24          in addition to working-class, in addition to

1 low-income. We're trying to strike that  
2 balance. I think what a lot of elected  
3 officials have said to us is, Can you find  
4 ways to get to some more lower-income, deepen  
5 the affordability, and as you say, adjust it  
6 more to a specific neighborhood. We're  
7 trying to do that.

8 ASSEMBLYMAN CARROLL: My last question  
9 is, as you know, the city is the economic  
10 driver of the state. How do you feel that  
11 the state only allocates about 5 percent in  
12 economic development funds towards the city  
13 and that we're currently still looking at a  
14 \$1.6 billion loss in CFE and we possibly  
15 might see budget shortfalls in the capital  
16 budget of the MTA for this capital period?

17 MAYOR DE BLASIO: Well, I will give  
18 you a balanced answer on that because I feel  
19 like -- you know, I spent a lot of time  
20 working around the State of New York when I  
21 had the honor of serving in the federal  
22 government at the U.S. Department of Housing  
23 and Urban Development. I worked in all parts  
24 of the state -- in upstate cities, in



1       suburbs, in rural communities. Look, a lot  
2       of New York State has deep, deep economic  
3       development needs. And so -- and as I said  
4       at the beginning of the testimony, what's  
5       good for New York City, I believe, is good  
6       for the state, because we're an economic  
7       engine. But I think what's good for the  
8       state is good for the city. So I certainly  
9       don't want to for a moment suggest that there  
10      aren't a number of areas that need help even  
11      more than New York City. They do.

12               But that, I think, should be balanced.  
13      If we say there are particular economic  
14      development needs in other parts of the state  
15      that must be addressed, that should be  
16      balanced with a recognition of where some  
17      other needs are in a place like New York City  
18      that are even more profound than some other  
19      parts of the state, and education is a great  
20      example.

21               But to me that goes far beyond  
22      philosophy. I don't understand how we can  
23      ignore a decision of the highest court in the  
24      state. The Court of Appeals made a decision,

1 period. No one has ever legally successfully  
2 challenged that or written a law that  
3 overwrote it. It is a decision of the Court  
4 of Appeals. It needs to be acted on.

5 And we all understood during the Great  
6 Recession that the state was on its heels,  
7 and everyone understood that. But that's not  
8 true anymore. It hasn't been true for years.

9 So I would argue I respect that there  
10 are parts of the state that have special  
11 needs, and we want to see those needs met.  
12 And we give more revenue by far, we're  
13 60 percent of the state's revenue coming out  
14 of New York City. We are happy to  
15 participate in helping our brothers and  
16 sisters in other parts of the state. But  
17 recognize our needs on education are going  
18 unmet. And that's not going to be good for  
19 anyone if a lot of our kids are not properly  
20 educated.

21 ASSEMBLYMAN CARROLL: Thank you.

22 MAYOR DE BLASIO: Thank you.

23 CHAIRMAN FARRELL: One more?

24 CHAIRWOMAN YOUNG: Okay. Senator

1 Savino, as vice chair.

2 SENATOR SAVINO: Thank you, Senator  
3 Young.

4 Thank you, Mr. Mayor, for being so  
5 patient and putting up with all of us. I'll  
6 be actually very brief. The reason I wanted  
7 to go last is I wanted to make sure I didn't  
8 go over things that people had already asked  
9 you.

10 So you know my position on the plastic  
11 bag thing; you don't need to hear it. You  
12 know my position on some other issues.

13 I am anxiously awaiting the new policy  
14 on community notification that you'll be  
15 rolling out in a couple of weeks, because we  
16 are all very concerned about the homeless  
17 issue and how it affects our communities.

18 I do want to speak very briefly about  
19 ACS. And I want to acknowledge publicly the  
20 changes in the administration under your  
21 mayorship. I've been through four mayors  
22 with this agency in the 26½ years that I've  
23 been involved in ACS, and I don't think it  
24 gets stressed publicly enough the commitment

1 of your administration. When I disagree with  
2 you, I have no problem saying so. You know  
3 that. But you are putting real resources and  
4 efforts into this agency.

5 And I don't think that the media  
6 properly portrays what goes on on a  
7 day-to-day basis with the front-line CPS  
8 staff and the fact that unless you've knocked  
9 on someone's door in the middle of the night  
10 and convinced them to hand you their child,  
11 you really don't understand how difficult  
12 this job is. So I do think it's important  
13 that we get that out there.

14 And I have recently met with your  
15 administration at ACS to talk about some  
16 changes I'm going to propose here in Albany,  
17 legislative changes, to undo what I think  
18 over the years has been some unnecessary  
19 requirements on the CPS staff that take them  
20 away from their core mission of identifying  
21 risks that exist in homes so that they can  
22 properly assess more quickly and provide the  
23 right type of services.

24 So I'm going to pursue that here. I'm

1       going to work very closely with your  
2       administration to help make that possible,  
3       because I think we all have the same goal,  
4       whether it's providing enough funding to the  
5       administration, whether it's the commitment  
6       to protecting children, keeping families  
7       together where it's appropriate, and  
8       separating them where it's appropriate.

9               I will say, though, I have had several  
10       conversations with some front-line CPS  
11       staffers and I have heard from more than one  
12       that they have been overruled by judges when  
13       they have requested a remand in court. That  
14       is a departure from past practice. It is one  
15       that concerns me greatly. Because again, the  
16       decision should not be to keep families  
17       together when all indications are that they  
18       should not be kept together.

19              So I'm going to work very closely, I  
20       think, with the current administration there.  
21       Whoever you bring in, hopefully they will be  
22       someone who understands the complexities of  
23       New York City's child welfare system, its  
24       vast nonprofit structure that supports it,

1           and, you know, how hard it is to protect  
2           children in this city.

3                     But I just want to say publicly you  
4           have made the commitment that other mayors  
5           didn't, and I don't think that that gets said  
6           enough.

7                     MAYOR DE BLASIO:  Senator, I really  
8           appreciate that.  And I indicated earlier  
9           you're one of the people in this state who  
10          understands these issues the best -- I know  
11          you've devoted your life to it -- and I  
12          appreciate your acknowledgment of the  
13          investments we've made and the focus.

14                    I also would say that, you know, my  
15          predecessors came from different backgrounds.  
16          This was a lot of work I did in my career  
17          focused on the issues of children, so I feel  
18          this very personally.

19                    I think it's important -- you and I  
20          are both frustrated when someone who is  
21          trained to understand the danger to children  
22          asks a judge to remove a child as an active  
23          caution -- it's not forever, but to avoid an  
24          immediate danger -- and a judge says no.

1           You know, I respect, of course, the  
2           division of powers in our government. But  
3           it's very frustrating, because I'm a believer  
4           that you do the safe thing, you do the  
5           abundance-of-caution thing in every case  
6           involving a child's life. And we need to ask  
7           our judges to think long and hard before  
8           turning down a request that professionals say  
9           is in the interests of protecting a child.

10           But on your earlier point about the  
11           work we can do to clarify the role of our  
12           protective workers, I'm very open and  
13           appreciate your suggestions. Look, I think  
14           the historical thing that also does not get  
15           noted is that every administration has  
16           grappled with these issues. They're some of  
17           the most challenging issues in public  
18           service. We're talking about broken  
19           families, by any definition, and lots of  
20           social ills that have come into a family.  
21           We're talking about things we can't even see  
22           sometimes -- you know this from your work --  
23           as we've often seen, for example, a quote,  
24           unquote boyfriend coming into the house that

1           we don't even know is there who is often the  
2           perpetrator.

3                       We are constantly trying to figure out  
4           how to improve this work. To the credit of  
5           my predecessors -- look, I had lots of  
6           disagreements with Mayor Giuliani, but after  
7           the death of Elisa Izquierdo, he brought Nick  
8           Scoppetta in, he made major changes. But he  
9           had to learn the hard way what we were not  
10          doing well enough.

11                      Mayor Bloomberg, after the death of  
12          Nixxmary Brown, made major changes, many of  
13          which I agreed with. But he had to learn  
14          what we were missing. Good people served as  
15          commissioners. No one fully cracked the code  
16          on everything we have to do.

17                      And I learned a lot in a parallel  
18          reality with NYPD, working with Bill Bratton,  
19          working with Jimmy O'Neill, seeing how every  
20          day they're trying to figure out how to do  
21          things better than they did in the past.

22                      ACS has been going that same route but  
23          not getting credit for it. We still have  
24          more to do. There's no question we have more



1 to do. But I'll tell you one thing, our new  
2 commissioner is going to have full support,  
3 have the resources that he or she needs, the  
4 deeper involvement of the NYPD. I think  
5 that's going to make a world of difference.  
6 And we're going to keep working to get it  
7 right.

8 SENATOR SAVINO: I certainly hope so.

9 And also I think it's worth noting  
10 that the agency that I went to work for 26  
11 years ago is not the same agency that exists  
12 today. You don't -- I don't think the public  
13 and even the media takes the time to  
14 recognize that the majority of the children  
15 and families are not directly supervised by  
16 ACS, they are supervised by a nonprofit  
17 structure of volunteer agencies who have  
18 direct contact with these families on a  
19 regular basis. And that is a structure that  
20 is understaffed, overstretched. The turnover  
21 rate in those agencies is, you know, at  
22 astronomical levels. And that also hinders  
23 the ability to provide for many of these  
24 families. And we need to strengthen that

1 sector of the service provision as well.

2 And so again, I look forward to  
3 working with your administration and with  
4 this sector of our very important work that  
5 we do in government. So I want to thank you.

6 MAYOR DE BLASIO: Thank you. And  
7 quick response that we are going to be -- we  
8 have been investing more in preventative  
9 services than any previous administration.  
10 But you're making a key point. The  
11 investment is great, but we have to make sure  
12 the quality is there, we have to make sure  
13 the staff are actually retained, we have to  
14 figure out the kinds of things that will  
15 constantly improve the quality.

16 You're right, we can't do it  
17 without -- we have faith-based partners,  
18 community-based partners, all sorts of  
19 organizations that do what government could  
20 never do on its own. We have to constantly  
21 help improve their work at the same time.  
22 And that's going to take real focus and real  
23 investment, but we're committed to it.

24 Thank you.

1                   SENATOR SAVINO: Thank you.

2                   CHAIRMAN FARRELL: Thank you.

3                   CHAIRWOMAN YOUNG: Thank you.

4                   MAYOR DE BLASIO: That's it?

5                   CHAIRMAN FARRELL: That's it.

6                   MAYOR DE BLASIO: Thank you, Chairs,  
7 appreciate it.

8                   CHAIRMAN FARRELL: Thank you.

9                   (Pause.)

10                  CHAIRWOMAN YOUNG: So Chairman Farrell  
11 will be right back, and then we'll start.

12                  (Discussion off the record.)

13                  CHAIRMAN FARRELL: New York City  
14 Comptroller Scott Stringer.

15                  Good afternoon.

16                  NYC COMPTROLLER STRINGER: Good  
17 afternoon.

18                  And I want to start out by thanking  
19 Chair Young and Chair Farrell and members of  
20 the committees and the Legislature for having  
21 me here today.

22                  You know, in these uncertain times,  
23 it's great to be surrounded by old friends  
24 and colleagues who share the notion that our

1 New York values will withstand the turbulence  
2 of these next four years.

3 And I'm joined here today by my deputy  
4 comptroller for budget, Preston Niblack, who  
5 many of you know from New York City.

6 I know from my 13 years of service in  
7 the Assembly that today marks only the  
8 beginning of the budgeting process. I  
9 welcome the opportunity to speak about the  
10 Governor's proposed Executive Budget on  
11 behalf of New York City, and I look forward  
12 to working with all of you toward a budget  
13 that will progress New York as a leader in  
14 the fight for fairness and opportunity for  
15 all our people, and not just some.

16 Last year the Senate and the Assembly  
17 worked together to enact meaningful change to  
18 do just that. New York passed a \$15 an hour  
19 minimum wage, which will benefit 1.5 million  
20 people and boost wages by more than  
21 \$10 billion. New York became only the fourth  
22 state in the country to guarantee paid family  
23 leave, so that no working person will have to  
24 choose between keeping their job and caring

1           for a loved one.

2                   And our state government's Minority  
3           and Women-Owned Business Development program  
4           has continued to grow, promoting equal  
5           opportunity for our businesses and helping to  
6           create wealth in all of our neighborhoods.  
7           The state's goal of 30 percent procurement  
8           with MWBEs is an important one, and we must  
9           ensure that the city has tools to match or  
10          surpass it.

11                   And that's why I support Assemblywoman  
12          Bichotte's legislation that would enable city  
13          agencies to develop capacity-building  
14          programs for MWBEs, expand the city's ability  
15          to use prequalification lists when awarding  
16          contracts, and create more flexibility to use  
17          best value in evaluating bids or proposals  
18          for city contracts.

19                   I'd also like to commend the Assembly  
20          for passing the Reproductive Health Act and  
21          the Comprehensive Contraception Coverage Act,  
22          which ensure that women in New York can make  
23          their own healthcare decisions and have  
24          access to affordable services. The Governor

1       has taken the first step towards guaranteeing  
2       that important gains in access to women's  
3       healthcare and reproductive services are not  
4       undone by a potential repeal of the  
5       Affordable Care Act.

6               The Governor's and the Assembly's  
7       actions are perfect examples of how we need  
8       to respond when policymakers in Washington  
9       threaten the rights of all New Yorkers. I do  
10      encourage the State Senate to follow that  
11      lead.

12             And going forward, we must build on  
13      these accomplishments to ensure we foster an  
14      economy in which every New Yorker has a fair  
15      chance to get ahead. But we cannot do so  
16      without facing the fact that this President  
17      and this Congress are determined to abdicate  
18      the federal government's responsibility  
19      towards our citizens and actively impede our  
20      efforts to build a fair and just society.

21             I know you are all familiar with the  
22      risks that face our state's economy under  
23      this administration, but I'd like to speak  
24      today about potential ramifications for

1 New York City.

2 My office analyzed the potential  
3 impact of federal funding cuts and found that  
4 aid is concentrated at 11 city agencies that  
5 serve our most vulnerable citizens and keep  
6 our city safe. Federal funds support  
7 60 percent of counterterrorism efforts, half  
8 of the budget for child protective services  
9 and numerous critical housing and healthcare  
10 programs, like Section 8 vouchers, which  
11 support 124,000 New York City families.

12 The safety net that we've worked for  
13 decades to strengthen in New York is now at  
14 risk of collapsing. The city's Housing  
15 Authority, which is home to more than 400,000  
16 New Yorkers, or 5 percent of the city's  
17 population, depends on the federal government  
18 for 60 percent of its budget. And our public  
19 hospital system requires hundreds of millions  
20 of dollars in federal aid to survive.

21 These federal cuts are a jockeying  
22 tool between a President and Republican  
23 Congress to see who can cut taxes the most  
24 for the wealthy. Meanwhile, the President's

1       proposed tax plan would cost the federal  
2       government trillions of dollars in lost  
3       revenue and leave our most vulnerable  
4       citizens without access to the services they  
5       depend on. The only things that will trickle  
6       down to states and localities are spending  
7       cuts. And with the city's revenues slowing,  
8       alongside the state's, we have to be prepared  
9       for harder times ahead.

10           One tool for saving is the city's  
11       budget cushion. At the beginning of the  
12       fiscal year 2009, prior to the Great  
13       Recession, the city had accrued a cushion  
14       equal to 17 percent of expenditures, which  
15       was indispensable in helping us weather that  
16       downturn. As of now, we will start fiscal  
17       year 2018 with a cushion of only 10 percent.  
18       We're going to do everything we can to  
19       identify more savings in the city budget.

20           And meanwhile, our homelessness crisis  
21       continues to consume precious budget  
22       resources, with total city spending on  
23       homelessness rising to \$2.1 billion this  
24       year. Assemblymember Hevesi has put forward



1 a bold new plan that deserves your serious  
2 consideration. Home Stability Support is a  
3 potential long-term solution to this crisis  
4 that could offer a real path out of the  
5 shelter system for thousands of New Yorkers  
6 and save the city millions in shelter costs.

7 The City and the State must stand  
8 together to protect our core values and  
9 guarantee that all of our working families,  
10 homeless or otherwise, have a fair chance to  
11 get ahead. This Executive Budget includes  
12 many initiatives to do just that, and I  
13 encourage you to support them.

14 First, with looming threats of  
15 deportation, we should all stand behind the  
16 Governor's call to defend our immigrant  
17 friends and neighbors.

18 Second, we must make it easy for all  
19 New Yorkers to participate in our democratic  
20 process by curbing barriers to voting.

21 And third, we have to expand access to  
22 higher education. I ask you all to pass the  
23 DREAM Act, so that thousands of undocumented  
24 students in New York can get the financial

1 support they need to go to college.

2 The proposed Excelsior Scholarship is  
3 another important tool to help middle-class  
4 families afford higher education. College is  
5 a gateway to a lifetime of financial  
6 security, but not if students are left buried  
7 under mountains of debt on graduation day.  
8 The Legislature should accept the Governor's  
9 proposal and move to expand upon it.

10 First, we should include part-time  
11 students, many of whom simply cannot afford  
12 to attend full-time. Right now, 80,000 CUNY  
13 students attend part-time, primarily because  
14 they need to work to support themselves and  
15 their families. Those students also deserve  
16 to benefit from this program.

17 I urge you to fully fund CUNY in the  
18 state budget. Since 2010, CUNY's cumulative  
19 shortfall in state funding is now over  
20 \$700 million. Let's open the gateway to a  
21 high-quality education for all our students.

22 I also strongly support the Governor's  
23 proposed expansion of the childcare tax  
24 credit. The average statewide cost of

1 center-based infant care is more than \$14,000  
2 per year, and about \$12,000 for pre-K.  
3 Paying for child care for an infant and a  
4 4-year-old is comparable to the cost of  
5 renting a \$2,000 per month apartment, and  
6 that's just so unrealistic for too many of  
7 our New Yorkers. I support the proposal to  
8 double the existing credit for families  
9 earning between \$50,000 and \$150,000.

10 Our students are our future, and I  
11 cannot emphasize enough the need for  
12 continued investment in our public schools  
13 and pre-K programs. That's why I support the  
14 extension of mayoral control and the  
15 Governor's further investments in community  
16 schools. I hope the Legislature will keep us  
17 moving in the right direction towards  
18 ensuring the quality education guaranteed by  
19 the Campaign for Fiscal Equity decision.

20 This Executive Budget also raises an  
21 important issue that my office has been  
22 focused on since I became comptroller. Since  
23 2012, the city has failed to collect more  
24 than \$450 million in Medicaid reimbursements

1           for supportive health services to our  
2           students. It's time for the city to fix this  
3           long-standing problem and bring these funds  
4           back into the classroom, with the support of  
5           the State.

6                     But we need to set a realistic  
7           timetable to ensure our children do not miss  
8           out on funding for critical services because  
9           the city fails to meet the state's targets.  
10          So I would urge you to work collaboratively  
11          and cooperatively to improve the Department  
12          of Education's Medicaid reimbursement  
13          claiming process, and stop leaving precious  
14          dollars on the table.

15                    Together we can also lift roughly  
16          15,000 New Yorkers out of poverty by allowing  
17          the city to triple its contribution to the  
18          Earned Income Tax Credit to 15 percent of the  
19          federal allocation. The EITC is the most  
20          effective anti-poverty program in America,  
21          and by tripling its input, the city could add  
22          more than \$200 million directly back into our  
23          businesses, our neighborhoods, and most  
24          importantly, our families.

1           This Executive Budget does include  
2           some provisions that I hope you will reject.

3           First, the appropriations bills  
4           contain language that would give the budget  
5           director unilateral authority to push the  
6           burden of federal aid cuts down the food  
7           chain onto local governments. I would urge  
8           you, the Legislature, to reject such an  
9           approach that would bypass this legislative  
10          body and do tremendous harm to cities and  
11          counties throughout the state.

12          I would also ask you to reject cost  
13          shifts for foster care, public health, and  
14          special education that single out New York  
15          City.

16          Finally today, I urge you to not just  
17          extend the millionaire's tax this session,  
18          but to expand it. But let's be clear, this  
19          is not robbing Peter to pay Paul. I'm not  
20          here today to tag on a tax for the rich just  
21          for the sake of it. The fact is, even with a  
22          tax increase at the state level, New York's  
23          millionaires will still stand to gain  
24          \$3 billion in annual savings from Trump's

1       proposed tax plan, with an average increase  
2       in their after-tax income of more than  
3       5 percent. Meanwhile, middle-class taxpayers  
4       will get much smaller savings, and in many  
5       cases could actually pay more than they do  
6       under current law.

7               Raising the millionaire's tax to help  
8       address the impact of federal spending cuts  
9       is not just a matter of fairness, it's going  
10      to be a necessity.

11              So in conclusion, I feel confident in  
12      this Legislature's ability to advance a fair  
13      and balanced budget despite the challenges  
14      and uncertainties of new leadership in  
15      Washington. As federal leaders are poised to  
16      roll back progress of the last eight years,  
17      New York must continue to push forward  
18      without leaving any of our people behind.  
19      Let us instead work together -- city,  
20      counties, and state, legislative and  
21      executive branches -- to protect our values  
22      and maintain New York as a fair and equitable  
23      home to all of our people.

24              I want to thank you again for giving

1 me this opportunity, as you do every year, to  
2 come and testify. And if you have any  
3 questions, I'll be happy to answer them.  
4 Thank you very much.

5 CHAIRMAN FARRELL: Thank you very  
6 much.

7 We've been joined by Assemblywoman  
8 Crystal Peoples-Stokes.

9 First to ask questions, Michael  
10 Benedetto, chair of the Cities Committee.

11 ASSEMBLYMAN BENEDETTO: Thank you,  
12 Denny.

13 Welcome, Mr. Comptroller. Always good  
14 to see you. Glad you're here.

15 One question. You know Co-op City,  
16 and I represent Co-op City, and Co-op City is  
17 a great place. Co-op City does a lot of  
18 things to help the City of New York. Co-op  
19 City, for instance, has installed a garbage  
20 compactor. And so the Sanitation Department,  
21 instead of going around to all the buildings  
22 in Co-op City two times, three times a week,  
23 they -- Co-op City collects their own trash,  
24 brings it to the compactor, where the

1           sanitation trucks of the City of New York  
2           once a week come in just to pick it up and  
3           go. Probably saving the great City of  
4           New York millions of dollars. And for this  
5           service, Co-op City gets nothing.

6                   Co-op City has their own police force,  
7           90 men and women who do a wonderful job  
8           within the city. And thus the police  
9           department, who we all love and does a  
10          wonderful job in the 45th Precinct that  
11          covers Co-op City, they don't have to patrol  
12          as much in Co-op City. In fact, they really  
13          don't have to patrol at all; Co-op City takes  
14          care of it. And for the expenses that Co-op  
15          City pays out in their own police force,  
16          Co-op City is reimbursed, by the City of  
17          New York, nothing.

18                   Now, in lieu of this, are there any  
19          other places in the City of New York that may  
20          get some reimbursement for services provided  
21          that New York City should be providing but  
22          doesn't?

23                   NYC COMPTROLLER STRINGER: So off --  
24          you know, nothing of what you're suggesting



1 comes to mind. But I do know that Co-op City  
2 is truly a city within a city. And my  
3 grandmother lived in Co-op City, so as a kid  
4 I remember running around the complex. And  
5 since I've been comptroller, I've gotten to  
6 know much of the leadership there.

7 I would be happy to sit down with you  
8 and the leadership of Co-op City to figure  
9 out what we can do, to crunch some numbers,  
10 to look at what you're talking about and sort  
11 of figure out, going forward, if there's any  
12 initiatives that we should be looking at so  
13 that we can continue to make Co-op City as  
14 vibrant as ever for the families and for the  
15 seniors who live there. I'd be happy to work  
16 with you.

17 And as a former chair of the  
18 Cities Committee, I know you care about all  
19 the cities, especially Co-op City.

20 ASSEMBLYMAN BENEDETTO: And of course  
21 Co-op City is a fine example of affordable  
22 housing, affordable middle-class housing,  
23 what we greatly need in the great City of  
24 New York.



1 Governor's proposals.

2 But I want to speak to you about MWBE  
3 for a moment. And I want to just ask and see  
4 if I can't get a better understanding.  
5 Assuming the rate of returns are at least  
6 even, what prevents you from putting more  
7 pension funds or more of your funds, rather,  
8 into banks of color, so-called minority  
9 banks?

10 NYC COMPTROLLER STRINGER: Well, I  
11 mean, part of what we have focused on in our  
12 office is a number of things. First, as you  
13 know, we hired the city's first chief  
14 diversity officer. And we each year evaluate  
15 the procurement spending of each city agency.  
16 And that has, I think, shone an important  
17 transparent light on just the fact that we're  
18 not focusing on contracts -- actual spend for  
19 women- and minority-owned businesses.

20 The second thing we've also been  
21 having some success with is we've said to the  
22 people who manage pension dollars that, Look,  
23 at the end of the day, when you have diverse  
24 money managers -- women, people of color,

1 people of all different backgrounds -- the  
2 fact is the investments do better. Right?

3 That's true with corporate boards.  
4 When you have different people on a board,  
5 the company tends to be better. If the  
6 companies are all male or pale or -- you  
7 know, those boards suffer from groupthink.

8 So diversity, in addition to being a  
9 civil rights issue, as a fiduciary, it's  
10 critical that we diversify those boards. And  
11 we have made it clear to the money managers  
12 that we expect to see investors who are  
13 diverse. Because that is now, for the first  
14 time in the history of our pension fund, a  
15 criteria for whether we will do business with  
16 you.

17 And in direct answer to your question,  
18 we have upped the spending in more asset  
19 classes in excess of a billion dollars than  
20 any comptroller in history. And we continue  
21 to look at ways we can create a funding  
22 mechanism to give people an opportunity.

23 Part of what we do is we look at this  
24 through a fiduciary lens, because this is not

1 my money or the city's money, this is really  
2 the money of our pensioners, our  
3 firefighters, police officers, teachers, city  
4 workers. So everything we do, there's a  
5 caveat which says we have to do it through  
6 the lens of our returns and what's best for  
7 the pension fund.

8 But diversity is a key criteria for  
9 enhancing the value of our pension fund.

10 SENATOR SANDERS: I look forward to  
11 working with you on that.

12 My last question, can I encourage you  
13 to look at the sanctuary city movement in  
14 terms of its impact on New York City, that we  
15 should at least understand that if our  
16 President does carry through his stated  
17 position, we should know what this means for  
18 New York City in terms of -- and for any  
19 other sanctuary city in the state. We should  
20 at least know what we're talking about so we  
21 can have an intelligent conversation.

22 NYC COMPTROLLER STRINGER: So I've  
23 issued two reports in the last couple of  
24 weeks. The sanctuary city report that we

1           issued identified \$165 million in money we  
2           could lose immediately.

3                   Incredibly, the money that we would  
4           lose is the money that we use to fight  
5           terrorism. So that's about \$156 million.  
6           That's the money for cameras and for the  
7           hardware that we use, technology. Everybody  
8           knows New York City is the number-one  
9           terrorist target. You would think the  
10          President would understand that.

11                   So we have \$156 million there, and  
12          there's a \$9 million DOJ grant that I think  
13          would be wiped out if there would be any  
14          changes.

15                   Long term, we've identified -- and I  
16          mentioned this in our testimony -- we've  
17          identified that the city could lose up to  
18          \$7 billion in federal aid, aid that primarily  
19          goes to the poorest people in the city,  
20          through a certain number of agencies that  
21          make up at least between 33 percent and  
22          50 percent of an agency. So Department of  
23          Homeless Services. You know, you all talked  
24          a lot with the mayor about ACS.

1                   So the stakes have never been higher.  
2                   And we will continue in this office to crunch  
3                   the data so that you can look at it as you  
4                   grapple with adopting a state budget, making  
5                   sure that we continue to get our fair share  
6                   of funding. And I'll try to provide with you  
7                   that information on an ongoing basis. And if  
8                   you or anyone else here needs us to take a  
9                   look, Preston or our investigative team would  
10                  be happy to work with you.

11                  SENATOR SANDERS: Thank you.

12                  Thank you, Madam Chair.

13                  CHAIRWOMAN YOUNG: Thank you, Senator.

14                  CHAIRMAN FARRELL: Thank you.

15                  Assemblywoman Hooper.

16                  ASSEMBLYWOMAN HOOPER: Thank you,  
17                  Mr. Chair.

18                  Scott, it's always good to see you.  
19                  And because of you, I remained in my seat to  
20                  acknowledge you and to ask you just a -- not  
21                  a question, but to make a statement and ask  
22                  your support.

23                  In reading, looking over the  
24                  presentation that you gave, you did refer to

1       the looming threats of deportation. And that  
2       you are asking us to support the Governor's  
3       call to defend our immigrant friends and  
4       neighbors. And certainly I believe that we  
5       shall, those of us who understand the  
6       importance of immigration as it relates to  
7       the history of this nation.

8               So I'm asking, in your very august  
9       position as the Comptroller of New York City,  
10      when you have an opportunity to talk in  
11      reference to the deportation and the  
12      immigration issue as it relates in New York  
13      City, to look at what has happened  
14      historically to those attempted immigrants  
15      from the country of Haiti.

16             As you are aware -- perhaps you are  
17      aware -- that when the Haitians attempt to  
18      access this great nation and they are  
19      encountered in the shark-infested waters  
20      which they attempt to transverse, they are  
21      turned back without an opportunity to even  
22      access the rewards of this nation.

23             So would you be kind enough, in your  
24      position, to, when this President's executive



1           order expires and it returns to where it was  
2           as related to the Haitians, in New York City  
3           lead the way that the Haitians should also be  
4           considered those persons, those human beings  
5           who have a right to come to this great nation  
6           and access the services and the great  
7           American life? I would appreciate that very  
8           much. Because I don't hear -- I rarely hear  
9           anyone speaking on behalf of the Haitian  
10          community. And I have a sizable community, a  
11          sizable representation in my district. And I  
12          would appreciate that.

13                 NYC COMPTROLLER STRINGER: Well, I  
14          would tell you that in New York City we have  
15          an incredible Haitian community that  
16          contributes mightily to the economy of  
17          New York City, as Diana -- Assemblywoman  
18          Richardson -- well knows. And it's a growing  
19          community and an important community.

20                 But you know, you raise an interesting  
21          question, which is people should understand  
22          the contributions of immigrants, especially  
23          in New York City. And we've put out a  
24          report -- we've been busy lately -- we put

1 out a report to showcase the contributions of  
2 immigrants in New York City. And here's  
3 something people have to understand:  
4 New York City would not be the great economy  
5 it is without immigrants. Forty-six percent  
6 of our workforce is foreign-born. More than  
7 half of the business owners today are  
8 immigrants, 83,000. In total, immigrants  
9 earn \$100 billion in annual income, one-third  
10 of all income earned in New York City. And  
11 the city is home to an estimated 500,000  
12 undocumented immigrants.

13 The point is that in a city of  
14 immigrants, this city has flourished. And by  
15 the way, it's not just immigrants coming here  
16 and opening up a small business or a small  
17 restaurant. Today immigrant communities,  
18 Haitians included, are in the medical field,  
19 entertainment field, financial field. And  
20 you just can't, you just can't appreciate  
21 just how critical immigrants are to our  
22 economy.

23 Now, it's really incredible that in  
24 Washington -- and the President, he has no

1       understanding of this, considering he's a  
2       New Yorker and he's done business in New York  
3       City. So his ideological ranting and raving  
4       has just no basis in fact or understands the  
5       contributions of immigrants.

6               I would argue that the report that I  
7       did outlining the incredible contributions of  
8       the immigrant community, you probably could  
9       do that same report for Chicago, L.A.,  
10      counties and towns across America. It's not  
11      just New York City. And that's the  
12      foundation of the United States of America.  
13      People from all over the world come here,  
14      sometimes with very little money or no money,  
15      and their entrepreneurial spirit and the  
16      hustling and, you know, the entrepreneurship  
17      creates wealth in so many parts of America.  
18      And we need to keep the focus on that.

19             ASSEMBLYWOMAN HOOPER: I appreciate  
20      that. I appreciate that. But in closing,  
21      also there's some of us immigrants who have  
22      contributed very much to the wealth of this  
23      great nation, and we came -- we did not  
24      voluntarily come. So I need to keep that in

1 perspective as well.

2 NYC COMPTROLLER STRINGER: I lost my  
3 voice over the weekend because I've been  
4 going to so many rallies to support  
5 immigration. And the first thing I say when  
6 we're at a rally supporting the Muslim  
7 community is I say, "Listen, I'm an American  
8 Jew, and I stand with Muslims. Because when  
9 they come for the Muslims, they're going to  
10 come for the Jews." And they come for the  
11 Haitians, they're going to come for the  
12 Latinos. And we all are now in the same  
13 boat. It's no longer people separated, we  
14 are literally in the same boat.

15 And maybe that's a good thing at the  
16 end of the day. Because I happen to think --  
17 not to get political here, but I actually  
18 think Trump has been a tremendous unifier in  
19 this country. Everyone is coming together  
20 against his policies. And you usually don't  
21 see that in the first 10 days of a  
22 presidency.

23 (Laughter.)

24 ASSEMBLYWOMAN HOOPER: Thank you very

1 much.

2 NYC COMPTROLLER STRINGER: And by the  
3 way, as comptroller, you know, I do the  
4 numbers. You know? And there was nobody at  
5 his inauguration. I did that --

6 ASSEMBLYWOMAN HOOPER: I wonder why.  
7 Thank you.

8 NYC COMPTROLLER STRINGER: I don't  
9 mean to be ideological.

10 ASSEMBLYWOMAN HOOPER: Thank you very  
11 much.

12 NYC COMPTROLLER STRINGER: Thank you.

13 CHAIRMAN FARRELL: Senator.

14 CHAIRWOMAN YOUNG: Senator Savino.

15 SENATOR SAVINO: Thank you, Senator  
16 Young.

17 Thank you, Comptroller Stringer. I  
18 just have one or two questions.

19 First, I want to thank you for  
20 pointing out something that doesn't get  
21 mentioned enough in the budget. Almost at  
22 the end of your testimony, you make the point  
23 that the budget language contains some  
24 interesting verbiage about how, in the event

1           of some cuts -- and there are very  
2           significant cuts that could be coming down  
3           from Washington, actions that we might not be  
4           able to anticipate, that the budget doesn't  
5           take into consideration -- that in fact they  
6           wouldn't have to bring it back to the  
7           Legislature, that the administration could  
8           just act unilaterally, affecting not just the  
9           state budget, usurping our authority to  
10          oversee it, but county and local governments  
11          as well.

12                 So thank you for pointing that out,  
13          because I really don't think people have paid  
14          enough attention to that. And that, you  
15          know, if there are going to be cuts that come  
16          as a result of actions in Washington, those  
17          of us who help craft the budget here in  
18          Albany should be part and parcel of any  
19          decisions on how we're going to redirect  
20          funding or cut funding to programs that we've  
21          already made decisions about. So I want to  
22          thank you for pointing that out.

23                 I want to ask you, though, about  
24          MWBEs, because I know you're committed to it.

1           And you and I have had this discussion in the  
2           past. I think -- last year I did a hearing  
3           on it when I shared the Senate Banking  
4           Committee. Assemblywoman -- she's not here  
5           now, she's stepped out -- Bichotte and I  
6           cochaired the hearing around access to  
7           capital and credit and the difficulties that  
8           many of the MWBEs face getting access to  
9           capital and credit from traditional banking  
10          sources, including those that have been set  
11          up for that express purpose.

12                   And later in the year we did a  
13          roundtable in the district and one in  
14          Brooklyn with The Black Institute, led by  
15          Bertha Lewis. And she has a proposal that  
16          would direct the city's pension system to set  
17          aside some funding for that purpose.

18                   Has there been any further discussion  
19          around that, expanding on that, about the  
20          possibility of creating a pool of dollars for  
21          that purpose?

22                   NYC COMPTROLLER STRINGER: Well, yes.  
23          And we have been meeting with The Black  
24          Institute throughout, our financial advisors

1       have been working with The Black Institute  
2       staff. And, you know, the talks are ongoing  
3       and we're really working hard. That's I  
4       think a critical gap. And if we can get  
5       there from the fiduciary lens, we're going to  
6       do everything we can.

7               In the meantime, we have been -- this  
8       office has been the most aggressive in the  
9       history of this office on women- and  
10      minority-owned businesses, on financial  
11      services. I think it really helps having a  
12      chief diversity officer.

13             And look, we said the city should have  
14      a chief diversity officer, and then every  
15      agency. I mean, it's pretty incredible that  
16      the city spends 15.3 billion on procurement,  
17      buying paperclips, paper -- the amount of  
18      money we spend is larger than some  
19      countries -- and only 4.8 percent of that  
20      spending goes to women, African-Americans,  
21      Latinos, Asians. It is just a paltry sum.

22             And so I think we have to shake the  
23      system up. And that's what we've done in our  
24      office. And we've issued forward-thinking



1 reports, we've done the budget analysis. And  
2 the reason why I mentioned it here is because  
3 the state has made some tremendous progress.  
4 And the Bichotte legislation that you've  
5 highlighted in your hearings will go a long  
6 way in unlocking some of the challenges that  
7 small firms have -- access to capital,  
8 bonding authority, all the things that keeps  
9 a small business small.

10 And I'll continue to work with you and  
11 Bertha and everybody to keep working on this.

12 SENATOR SAVINO: And following up with  
13 that, the Senate Labor Committee last year,  
14 under the previous chairmanship of Senator  
15 Martins, did a hearing on prompt payment in  
16 the construction industry to some of our  
17 MWBEs. It turns out that we have the same  
18 problem there where MWBEs are not able to  
19 compete because once they get a contract,  
20 guess who the worst payers are? Government.  
21 Particularly the MTA.

22 So we state that we have a stated  
23 goal, it's in the public interest to have  
24 30 percent of our contracts go to MWBEs,

1       particularly around the construction  
2       industry -- and then, in the end, we're not  
3       paying promptly enough. And they don't have  
4       access to capital and credit from traditional  
5       lending sources, they then go out of  
6       business, they can't meet payroll, they get  
7       debarred, and they can't compete.

8               So anything that we can do to help  
9       support this effort I want to continue  
10      working on it, because --

11             NYC COMPTROLLER STRINGER: Let's  
12      continue to collaborate. You're raising some  
13      very important issues. You're absolutely  
14      right. You know, the big firms can absorb  
15      the hit and they have enough revolving  
16      revenue to, you know, wait for the paycheck.  
17      And you're absolutely right, the small  
18      struggling firms can't.

19             And look, we also need better  
20      public-private partnerships -- we need a  
21      better partnership between big firms and  
22      small firms, because what you really want to  
23      do is you just don't want to keep MWBEs in  
24      the subcontractor role, you want to start

1           small and then build it up.

2                   And I can't stress enough, as we do  
3           some of the economic analyses, these small  
4           businesses, these MWBEs, are so critical to  
5           wealth creation in a community. You know, we  
6           think it's just, okay, we're helping the  
7           small business. But that small business  
8           grows into a large business, hires locally,  
9           they operate -- they don't necessarily  
10          operate in the Manhattan business district,  
11          they're actually operating throughout our  
12          boroughs. And that's a wealth creator in the  
13          community.

14                   And we need that. Given high rent and  
15          some of the cost of living, we need to just,  
16          you know, up the amount of revenue in a  
17          community.

18                   SENATOR SAVINO: Thank you.

19                   NYC COMPTROLLER STRINGER: Thank you.

20                   CHAIRMAN FARRELL: Senator?

21                   CHAIRWOMAN YOUNG: Thank you. I think  
22          we're done.

23                   CHAIRMAN FARRELL: Oh, no, we're not  
24          done.

1                   CHAIRWOMAN YOUNG: On our side.

2                   CHAIRMAN FARRELL: Assemblyman  
3 Carroll.

4                   ASSEMBLYMAN CARROLL: Thank you.

5                   Thank you for coming here today,  
6 Comptroller Stringer. I have two questions.

7                   The first is about your EITC program.  
8 I agree with you that it's a wonderful  
9 anti-poverty program. I want to know if your  
10 office has looked into expanding those tax  
11 credits, especially for individuals who are  
12 single without dependents, because I think  
13 the program doesn't do a great job there. I  
14 think there are lots of folks who are single  
15 without dependents but actually do have  
16 children. Or it's a way to also combat youth  
17 unemployment, to persuade folks to come into  
18 the workforce. And so I'd just like to know  
19 your thoughts on that.

20                   And the second question is about  
21 whether your office has looked into, if  
22 Donald Trump does follow through with  
23 defunding sanctuary cities, ways that the  
24 city can help stop its residents from

1       remitting tax dollars to the federal  
2       government. Because we are a tax provider.  
3       We actually put more much more into the  
4       federal government than we receive. And so  
5       if they're going to defund our city, we  
6       should just not -- you know, we should be  
7       capturing as many tax dollars as possible.

8               NYC COMPTROLLER STRINGER: I'm not  
9       going to advocate tax evasion here today.  
10      So --

11             (Laughter.)

12             ASSEMBLYMAN CARROLL: Okay. We can  
13      talk about the EITC then, I guess.

14             NYC COMPTROLLER STRINGER: We can talk  
15      about EITC.

16             Look, I think -- and you can be  
17      assured that New York City, the mayor's  
18      office, the comptroller's office, we're going  
19      to work very hard to use every tool at our  
20      disposal to legally challenge whatever comes  
21      down from Washington that puts our city in  
22      economic jeopardy or harms our immigrant  
23      brothers and sisters in the city.

24             As relates to money that we remit to

1 Washington, I do believe that knowledge is  
2 power. And when people understand the  
3 billions we send to Washington -- that, by  
4 the way, we never get back. As much money as  
5 we get from the federal government, it's not  
6 as much as what we give. And, you know,  
7 New Yorkers know that. You know, we always  
8 have given more to this country.

9 And so I think we have to continue to  
10 talk about these issues. That's why we're  
11 preparing these reports. That's why we did  
12 the report on the value of immigrant  
13 contributions to the New York City economy.  
14 That's why we're exposing the fact of the  
15 \$7 billion in potential cuts, the collapse of  
16 the safety net.

17 And I look forward to working with all  
18 of you on these issues, because the truth is  
19 I get a lot of ideas from legislators on  
20 these issues. And, you know, not to stray to  
21 another topic, but as Assemblywoman Niou  
22 knows, you know, part of the reason why we  
23 were able to do the Rivington investigation  
24 was because the community came to us and

1           said, There's something wrong here, would you  
2           take a look at it, would you do an analysis?  
3           And that's what led to the investigation and  
4           exposed the \$72 million that we were losing.

5                     But, you know, it doesn't only come  
6           out of my office. I really do need eyes and  
7           ears to tell me what's going on.

8                     ASSEMBLYMAN CARROLL: And EITC?

9                     NYC COMPTROLLER STRINGER: Listen, I  
10          think single with children, yes. Also  
11          seniors. And we're going to continue to work  
12          with the Legislature. I hope you consider  
13          giving us the authority to do this.

14                    ASSEMBLYMAN CARROLL: Thank you.

15                    CHAIRWOMAN YOUNG: Mr. Comptroller, I  
16          do have maybe one or two questions that  
17          crossed my mind.

18                    We had a discussion earlier with Mayor  
19          de Blasio, very briefly, about the  
20          Administration for Children's Services. And  
21          in December of 2016, you actually issued a  
22          letter, following up with a July 2016 report,  
23          on the failures at ACS. Could you just very  
24          briefly go over that? And then I have a

1 follow-up.

2 NYC COMPTROLLER STRINGER: Before that  
3 letter, we issued an audit in which we found  
4 a lot of issues related to the management of  
5 ACS. And part of my audit responsibility is  
6 not just to raise issues but also to follow  
7 up to see if our recommendations were being  
8 implemented. And I do think that the people  
9 in ACS, the front-line workers, the  
10 overwhelming majority are doing everything  
11 they can. There's a lot of heroes in that  
12 agency. There's a lot of people who dedicate  
13 their lives to saving children. I don't  
14 think we talk about that enough.

15 But when you look at some of the  
16 management failures at ACS, the high  
17 caseloads, the lack of ACS following their  
18 own protocols -- they're not my protocols,  
19 they're ACS protocols -- we find that very  
20 troubling. And we have called -- raised this  
21 issue with the agency and the mayor's office.

22 CHAIRWOMAN YOUNG: So you think that  
23 some of the recommendations are being  
24 followed; however, there's much further to



1 go? Not to put words into your mouth, but  
2 you think that there's a lot of work to do?

3 NYC COMPTROLLER STRINGER: I think  
4 that's a very accurate characterization of  
5 where we're coming from.

6 CHAIRWOMAN YOUNG: So one of the  
7 reasons I wanted to ask was -- first of all,  
8 I applaud you for taking on this issue.  
9 Obviously this is so crucial and we have,  
10 unfortunately, an abysmal track record of  
11 children being severely hurt and killed  
12 because of mismanagement, as you pointed out.

13 In the executive proposal that's  
14 before us right now, there is additional  
15 responsibilities under the Raise the Age  
16 program that would have to be undertaken by  
17 ACS. And I just wanted to get your opinion.  
18 If they haven't fixed what's wrong already,  
19 how would they be able to manage additional  
20 responsibilities?

21 NYC COMPTROLLER STRINGER: I think  
22 it's going to be very challenging. But look,  
23 we are going to continue to highlight the  
24 problems there as a way of moving the city to

1           act, you know. And I couldn't tell you -- I  
2           couldn't break it down for you today, but I  
3           certainly can work with you to get you that  
4           information.

5                     But look, we have real challenges in  
6           our city. We have an exploding homeless  
7           population. And we have children who are  
8           dying that shouldn't be dying. And to the  
9           extent that we can work with the city by  
10          offering analysis and audit, that's part of  
11          what I'm supposed to do. At the end of the  
12          day, transparency is important because it  
13          gives us an opportunity to see what's really  
14          going on.

15                    CHAIRWOMAN YOUNG: Thank you.

16                    CHAIRMAN FARRELL: Thank you.

17                    Assemblyman Weprin.

18                    ASSEMBLYMAN WEPRIN: Good afternoon,  
19          Comptroller Stringer. And it's great to see  
20          my old friend Preston Niblack, a great  
21          acquisition. When I was chair of the City  
22          Council Finance Committee and he was our  
23          director, he was invaluable and we could not  
24          have done what we did back in those years

1           without Mr. Niblack.

2                   NYC COMPTROLLER STRINGER:   That's what  
3           he told me when he interviewed.

4                   (Laughter.)

5                   NYC COMPTROLLER STRINGER:   But he is a  
6           great addition.

7                   ASSEMBLYMAN WEPRIN:   I know you've  
8           done a couple of audits -- I think you did  
9           one in 2014, and you did one recently in  
10          November 2016 -- involving Rikers Island.  
11          And I'm the new chair, as you know, of the  
12          Corrections Committee.   And I know there's a  
13          former Judge Lippman Commission report that's  
14          supposed to report back on some of the issues  
15          in Rikers.

16                  Could you kind of summarize -- I think  
17          you talked about the increased cost per  
18          inmate at Rikers recently and also some of  
19          the violence involving Rikers.   Could you  
20          kind of give a little synopsis of your audit  
21          and what is being done as a follow-up?

22                  NYC COMPTROLLER STRINGER:   As the  
23          population in Rikers decreases, the cost per  
24          inmate is rising, which makes no sense to me.

1           It's now \$137,000. Now, some of that, to be  
2           fair, are new programs that are being  
3           implemented.

4                     But part of why we're focusing on this  
5           is that violence is increasing, the cost is  
6           going up, and we don't have a long-term  
7           Rikers plan, and that's something that we  
8           have to continue to talk about. One option  
9           on the table -- and perhaps the Lippman  
10          Commission will address it -- is how do we go  
11          about closing Rikers, because it is an  
12          antiquated place. I've been there  
13          voluntarily, and it's -- it's -- you know --

14                    ASSEMBLYMAN WEPRIN: I'm glad you  
15          clarified that.

16                    (Laughter.)

17                    NYC COMPTROLLER STRINGER: Well, in  
18          these times.

19                    It is a place that is in desperate  
20          need of reform, and the physical plant is in  
21          just terrible condition.

22                    But I'm very excited that you are the  
23          new chair, and I do look forward to working  
24          with you. We are going to continue to look

1           every few months at some of the issues facing  
2           Rikers, because it's important for the people  
3           there that we do everything we can to make  
4           Rikers safe, cost-effective, and efficient.

5           ASSEMBLYMAN WEPRIN: Do you think  
6           closing it is an option?

7           NYC COMPTROLLER STRINGER: I think it  
8           absolutely should be studied. I think it's  
9           critical that we look at this huge place that  
10          has just been operating in a way that's just  
11          in a different era. And when you think about  
12          how we can best house our inmates, keep them  
13          safe, and keep costs down, I mean I think  
14          that all goes hand in hand.

15          ASSEMBLYMAN WEPRIN: Okay. Well, if  
16          we did close it, where would the -- you know,  
17          it's a little bit less than 10,000 inmates  
18          now; at one point it was 20,000.

19          NYC COMPTROLLER STRINGER: It's about  
20          9,000, yeah.

21          ASSEMBLYMAN WEPRIN: Where would you  
22          suggest that we house those inmates?

23          NYC COMPTROLLER STRINGER: Well,  
24          that's going to be up to you. And part of

1           what we'll have to do is work on having a  
2           discussion with city officials -- we're  
3           certainly not there today. I think we do  
4           need to do research and analysis, what is the  
5           best way to house our inmate population.

6                     The Rikers footprint is huge, and it  
7           is a plant that is slowly falling into  
8           disrepair. So the cost of maintaining it,  
9           you know, may turn out to be  
10          cost-prohibitive. And so this is not  
11          something that's going to happen overnight.  
12          But sometimes you have to start laying the  
13          groundwork for different options. And I  
14          think we have to talk to people, our  
15          constituents in New York City, show them it's  
16          costing \$137,000 a year just to, you know,  
17          incarcerate an inmate when there's so many  
18          forward-thinking ideas in terms of how we  
19          house our inmates in a safe way that's  
20          cost-effective. And with you as chair, I  
21          think you'll breathe some life into that  
22          discussion.

23                     ASSEMBLYMAN WEPRIN: Thank you very  
24          much, Comptroller.

1                   NYC COMPTROLLER STRINGER: Thank you.

2                   CHAIRMAN FARRELL: Thank you.

3                   Senator?

4                   CHAIRWOMAN YOUNG: Senator Krueger.

5                   SENATOR KRUEGER: Hi, how are you,  
6           Comptroller Stringer?

7                   NYC COMPTROLLER STRINGER: You're  
8           back.

9                   SENATOR KRUEGER: I'm back. I  
10          apologize, I had to run off to do something  
11          with the Governor and got back.

12                  Thank you for being here. I did have  
13          a chance to review your testimony quickly,  
14          and you cover so many important progressive  
15          issues for the City of New York and where we  
16          need to go.

17                  NYC COMPTROLLER STRINGER: Thank you.

18                  SENATOR KRUEGER: I was just curious,  
19          today on the floor of the Senate there's  
20          going to be a bill -- I'll be voting no on  
21          it -- that would limit New York City's  
22          property tax to the same kind of formula the  
23          rest of the state's property tax caps are set  
24          at. And I'm curious whether you have any

1           analysis of what that would mean for the  
2           city's finances if in fact the bill -- that I  
3           believe Senator Lanza sponsors in the  
4           Senate -- were to become law.

5                   NYC COMPTROLLER STRINGER:  You know, I  
6           think that's sort of comparing apples to  
7           oranges.  I don't think, say, a 2 percent cap  
8           for the city would work at all.  Our  
9           expenses are going up by around 5 percent a  
10          year, given all the issues and things that we  
11          deal with.  So I think to sort of strangle us  
12          in that way would not be smart financially,  
13          fiscally.

14                   I think there's a better conversation  
15          to be had, but I don't think that's the way  
16          to do it.  And I would say, as somebody who  
17          watches the finances of the city, I commend  
18          you for voting no.

19                   SENATOR KRUEGER:  Thank you.

20                   And you spoke of, in your testimony,  
21          supporting the continuation of what people  
22          euphemistically talk about as the  
23          millionaire's tax, and even extending it.  
24          And I publicly have supported it already



1 earlier today.

2 There's always somebody who argues if  
3 you do this, you'll lose all your  
4 millionaires and you'll actually end up  
5 losing tax revenue for the city. Can you  
6 speak from your experience, since we've now  
7 had this tax for multiple years?

8 NYC COMPTROLLER STRINGER: Well, as I  
9 mention in the testimony, the very wealthy  
10 actually stand to benefit greatly from  
11 federal tax cuts. And we estimate that  
12 New York City residents making more than  
13 \$1 million would reap a \$3 billion federal  
14 tax cut under the Trump plan. So we think  
15 that under the federal tax plan, we're  
16 actually going to see millionaires doing very  
17 well.

18 The people we're concerned about are  
19 in some cases the middle class, who would get  
20 a relatively paltry tax cut, and in some  
21 cases no tax cut at all. We think that to  
22 make up the revenue, that to support the  
23 Assembly tax plan makes sense today.

24 Now remember, the millionaire's tax

1           was first proposed in 2009 during the Great  
2           Recession. The top bracket raised to  
3           \$1 million for single filers and \$2 million  
4           for joint filers. The top rate is only 8.97.  
5           That has been lowered to 8.82 percent, right?

6                       So we think that this is a good time  
7           to generate a little more because of the  
8           trillions that are going to be taken off the  
9           table.

10                      SENATOR KRUEGER: Thank you.

11                      And one more question --

12                      NYC COMPTROLLER STRINGER: And let me  
13           just mention something.

14                      SENATOR KRUEGER: Certainly.

15                      NYC COMPTROLLER STRINGER: Because we  
16           did an analysis in our office that found that  
17           half of all taxpayers with incomes greater  
18           than \$1 million, right, do not actually live  
19           in New York, and that these taxpayers are  
20           less likely to move than lower-income  
21           taxpayers. So half the people don't even  
22           live here.

23                      SENATOR KRUEGER: And I always enjoy  
24           discussing fiscal issues with you as the city

1           comptroller, so you're the perfect person for  
2           me to ask these questions of. So thank you.

3                     In the Governor's budget, something I  
4           don't think came up yet today, there's a  
5           proposal to basically expand on Internet fair  
6           taxation. So we've had the -- what they  
7           euphemistically call the Amazon tax, and in  
8           the Governor's proposal it expands it, which  
9           some people are saying but if they have no  
10          bricks and mortar in New York, why should we  
11          be able to tax them? And of course others  
12          point out as more and more commerce moves to  
13          the Internet, you have fewer people shopping  
14          retail and less sales tax coming into local  
15          governments.

16                    Do you have a position for sales tax  
17          revenue to the City of New York from this  
18          proposal?

19                    NYC COMPTROLLER STRINGER: We think  
20          under the proposal we would see \$40 million  
21          for New York City. We already have a process  
22          in place to capture that revenue. This would  
23          just make the provider responsible for  
24          collecting it. So I actually think it would

1           be a benefit to the city.

2                   SENATOR KRUEGER: And you don't see a  
3           negative for the City of New York if we were  
4           to implement this?

5                   NYC COMPTROLLER STRINGER: We're in a  
6           new world when it comes to this. But this, I  
7           think, is a moderate way to take a look at  
8           how we can, you know, look at revenue without  
9           hurting businesses, but at the same time  
10          making sure that New York City is capturing  
11          what it's supposed to in terms of sales tax.

12                  SENATOR KRUEGER: Thank you very much  
13          for your testimony.

14                  NYC COMPTROLLER STRINGER: Thank you,  
15          Senator.

16                  CHAIRMAN FARRELL: Thank you.

17                  Mr. Lupinacci. Braunstein, I'm sorry.

18                  ASSEMBLYMAN BRAUNSTEIN: Can you hear  
19          me? Good afternoon, Mr. Comptroller.

20                  As you're aware, significant inequity  
21          exists within New York City's property tax  
22          system. If you look at effective property  
23          tax rates for co-op owners in the outer  
24          boroughs compared with their neighboring

1       single-family homeowners as well as co-op  
2       owners in Manhattan and parts of Brooklyn,  
3       you'll see that outer borough co-op owners  
4       pay significantly higher effective property  
5       taxes than their similarly situated  
6       neighbors.

7               The reason co-ops in Manhattan and  
8       Brooklyn are assessed differently than the  
9       outer boroughs has to deal with comparables  
10      and sometimes they use rent-regulated  
11      comparables, and that's an issue for another  
12      time. But one of the reasons that  
13      single-family homeowners have relatively  
14      lower property taxes is because there's caps  
15      on assessments at 6 percent a year,  
16      20 percent over five years.

17             In the district I represent, many  
18      people can't afford to buy a home. So we  
19      have young families, middle-class families,  
20      seniors on fixed incomes who live in co-ops,  
21      and they're seeing their property taxes rise  
22      at an exponential rate. And it's forcing  
23      many people to make difficult decisions about  
24      whether or not they can continue to stay in

1           their home.

2                   I introduced legislation in 2013, in  
3           coordination with the City Council -- and  
4           Mr. Niblack here helped me work on it as  
5           well -- that would cap assessments on co-ops  
6           at 8 percent a year, 30 percent over five  
7           years.

8                   I've pleaded with the de Blasio  
9           administration to help us push this proposal  
10          because, while we can unilaterally do it up  
11          here, generally as a policy, when we make  
12          major tax changes to a locality, we tend to  
13          try and get a green light, especially in the  
14          Assembly.

15                   Would you be open to supporting an  
16          8 percent assessment cap per year, 30 percent  
17          over five years, for co-ops?

18                   NYC COMPTROLLER STRINGER: Listen, I  
19          think you've been a leader to make our  
20          property tax system more fair and equitable.  
21          I do think we should review our property tax  
22          system. We haven't had a real discussion  
23          about it for a very long time. We do have a  
24          system that does not treat everybody equally,

1           and I think you're right to raise these  
2           issues, as was the City Council.

3                       As a former chair of the Real Property  
4           Taxation Committee in the Assembly some years  
5           ago -- more than a decade ago -- we talked  
6           about taking a look at this system. And I'll  
7           be happy to work with you. I don't want to  
8           commit today on your bill, partly because I  
9           haven't reviewed it.

10                   ASSEMBLYMAN BRAUNSTEIN: Sure.

11                   NYC COMPTROLLER STRINGER: But I do  
12           think that we're long overdue to just simply  
13           start talking about the tax system. I think  
14           we could make some headway. I'm going to ask  
15           Preston just to talk about it from -- because  
16           of his experience --

17                   ASSEMBLYMAN BRAUNSTEIN: No, I just  
18           wanted to bring it to your attention because  
19           it's becoming a very serious problem --

20                   NYC COMPTROLLER STRINGER: No, I  
21           understand.

22                   ASSEMBLYMAN BRAUNSTEIN: Especially  
23           seniors on a fixed income, that property tax  
24           is passed on to their maintenance. And their

1 pension has not gone up like that, their  
2 Social Security benefits aren't going up like  
3 that, but they're seeing -- I mean,  
4 exponential. I've gone to the co-op board  
5 meetings, and you see the curve of how much  
6 the property tax has gone up, and even in the  
7 next few years it's going to be a big  
8 problem.

9 NYC COMPTROLLER STRINGER: You're  
10 right, you're absolutely right to raise it.  
11 It's time to have that discussion.

12 NYC DEPUTY COMP. NIBLACK: I think the  
13 problem that we were trying to address with  
14 your bill, your proposal, really at its core  
15 was about the assessment process and how it  
16 treats buildings -- like mine, frankly, on  
17 the Upper West Side, that is compared to a  
18 set of rent-controlled apartment buildings  
19 and is underassessed as a result, as opposed  
20 to the buildings out in your district, which  
21 we looked at very closely, that get assessed  
22 at something that's much closer to market  
23 value.

24 And it creates distortions, that



1           assessment method creates distortions. I  
2           spent lots of time with David Weprin on this  
3           as well. And that's really the core of this  
4           problem.

5                   ASSEMBLYMAN BRAUNSTEIN: I mean,  
6           theoretically that sounds like a good  
7           proposal, but there's so many winners and  
8           losers in that plan that it's almost  
9           politically untenable. Whereas a straight  
10          cap on assessments across the board is  
11          something that I think everybody could  
12          support. So I'm just happy to bring it to  
13          your attention.

14                   NYC COMPTROLLER STRINGER:  
15          Assemblyman, we'll be happy to work with you  
16          on this, absolutely.

17                   CHAIRMAN FARRELL: Thank you.  
18                   Senator?

19                   CHAIRWOMAN YOUNG: I think we're all  
20          set.

21                   CHAIRMAN FARRELL: Thank you very  
22          much.

23                   NYC COMPTROLLER STRINGER: Thank you  
24          very, very much. Best of luck in the

1           deliberations. Thank you.

2                   SENATOR KRUEGER: Thank you.

3                   CHAIRWOMAN YOUNG: Thank you,  
4           Mr. Comptroller.

5                   CHAIRMAN FARRELL: Sophia said to say  
6           hello. I told her you would be here.

7                   NYC COMPTROLLER STRINGER: Is she  
8           here?

9                   CHAIRMAN FARRELL: No, she isn't. She  
10          wanted to be.

11                  NYC COMPTROLLER STRINGER: Max and  
12          Miles say hello.

13                  (Discussion off the record.)

14                  CHAIRMAN FARRELL: City of Buffalo,  
15          Mayor, the Honorable Byron Brown.

16                  This is the long version, right?

17                  MAYOR BROWN: Yes. That's a longer  
18          version than I'm going to give.

19                  CHAIRMAN FARRELL: It's as long as  
20          this?

21                  MAYOR BROWN: No, it's shorter than  
22          that.

23                  Chairman Denny Farrell, chairman of  
24          Ways and Means, Senator Catharine Young, our

1 Finance chair, and to all of the members of  
2 the Legislature, it's a wonderful pleasure to  
3 be back here with you in Albany and to have  
4 the opportunity to give my perspective on  
5 Governor Cuomo's proposed budget.

6 I have with me today City of Buffalo  
7 Commissioner of Administration and Finance  
8 Donna Estrich. And as per the indirect  
9 instructions of Chairman Farrell, I will give  
10 an abbreviated presentation of what you have  
11 in front of you.

12 I want to just first of all say that  
13 my administration has worked continuously to  
14 improve Buffalo's fiscal situation, which has  
15 created a strong business environment and  
16 continues to attract investment and create  
17 jobs. There has been a remarkable revival in  
18 the City of Buffalo. And while there is  
19 still much that we need to accomplish in  
20 Buffalo, our efforts have produced incredible  
21 results.

22 For example, we've delivered 11  
23 balanced budgets. It has been five years  
24 since Buffalo's hard control board shifted to

1           a soft advisory panel. Overall, the crime  
2           rate has dropped 32 percent, and violent  
3           crime is down 27 percent. The City of  
4           Buffalo has added over 1,400 affordable  
5           housing units since 2006.

6                     And I know earlier there was much  
7           discussion with Mayor de Blasio and  
8           Comptroller Stringer about minority- and  
9           women-owned businesses and concerns about  
10          immigration and the recent immigration  
11          orders. I have hired the first chief  
12          diversity officer in the City of Buffalo a  
13          year ago, to support the growth and  
14          development of minority- and women-owned  
15          businesses, and we are seeing great success  
16          in that area.

17                    And I have also created the Office of  
18          New Americans to ease the transition of  
19          immigrants and refugees into the City of  
20          Buffalo.

21                    The city has also improved its bond  
22          ratings with the Big 3 credit rating  
23          agencies, receiving an A+ from Standard &  
24          Poor's, an AA- from Fitch Ratings, and an A1

1 from Moody's Investor Services. We are  
2 continuing to keep costs down and create a  
3 more open and efficient government.

4 We've reduced our costs by switching  
5 over to a VOIP telecommunications system.  
6 We've implemented a fuel monitoring system  
7 and installed GPS in much of our municipal  
8 fleet to reduce waste and be more efficient.

9 The City of Buffalo recently acquired  
10 a downtown federal building to consolidate  
11 police and fire administrative offices into  
12 one location, and we are fully confident that  
13 this will create efficiencies and save money  
14 in both operations. This will also enable us  
15 to sell the police building, which is  
16 considered valuable real estate, in the  
17 current downtown market.

18 We created and implemented the BPD21C  
19 Police Academy Pre-Employment Scholarship  
20 Program, a first of its kind in the nation  
21 program, which has put new police officers on  
22 the streets more quickly and saved the city  
23 millions while developing a community police  
24 force that better reflects the demographics

1 of our diverse city.

2 After 242 public meetings to assess  
3 and consider input from residents across the  
4 city, I signed a new unified development  
5 ordinance into law earlier this month, the  
6 "Green Code." It is the first major overhaul  
7 to Buffalo's zoning laws since 1953 and will  
8 serve as a blueprint for zoning and  
9 development in the 21st century. And Buffalo  
10 joins only two other major American cities  
11 that have done this, and so we're very proud  
12 of that accomplishment.

13 The City of Buffalo is also working  
14 with the Sunlight Foundation and the  
15 Johns Hopkins University Center for  
16 Government Excellence to improve the use of  
17 data-driven decisionmaking and analysis. I  
18 issued an executive order to create an open  
19 data policy, and will soon release an RFP to  
20 procure an open data portal that will be a  
21 central repository for city data and will  
22 enhance transparency in city government.

23 And last year, I want to thank you for  
24 the land bank superbid power that you passed

1           for the City of Buffalo and was signed by the  
2           Governor. I want to thank Assemblymember  
3           Crystal Peoples-Stokes, for being the  
4           Assembly sponsor of that legislation, and  
5           State Senator Patrick Gullivan, for being the  
6           Senate sponsor.

7                     This has enabled us in the City of  
8           Buffalo to break the cycle of foreclosed  
9           properties being purchased by absentee owners  
10          who seldom invest in them, and to create  
11          homeownership opportunities for residents to  
12          contribute to the stabilization of our  
13          neighborhoods.

14                    I am proud to report that the City of  
15          Buffalo, thanks to a lot of support that we  
16          have received from the Legislature and the  
17          Governor, and the hard work that we have done  
18          locally, is in sound financial condition.  
19          You have been very instrumental in our  
20          renaissance, and I want to thank you for  
21          that.

22                    This year's Executive Budget proposal  
23          makes important investments that will ensure  
24          Buffalo's continued prosperity. I am

1 grateful for the faith and commitment that  
2 Governor Cuomo has shown in the potential of  
3 our city, with the Buffalo Billion initially  
4 and now the Buffalo Billion 2. The focus on  
5 job creation and providing support to  
6 businesses and entities that stimulate  
7 development will continue the tremendous  
8 progress that has been made under the  
9 original Buffalo Billion program.

10 I'd also like to thank Governor Cuomo  
11 for including \$10 million for the Better  
12 Buffalo Fund in this year's budget. The  
13 Better Buffalo Fund has supported projects  
14 that have boosted the growth of small  
15 businesses and increased employment and  
16 housing options along corridors served by  
17 public transportation. These investments are  
18 building neighborhoods and improving quality  
19 of life.

20 Fifty years of deindustrialization and  
21 disinvestment has impaired the ability for  
22 rapid progress on the East Side of Buffalo  
23 more than any other neighborhood in our city.  
24 The rapid population loss from the 1970s



1 through the 2000s, coupled with the high  
2 concentration of poverty, has led to an  
3 abundance of abandoned and dilapidated  
4 housing. The Governor's proposal to invest  
5 \$10 million to help eliminate zombie  
6 properties and revive and reinvent blighted  
7 areas on the East Side and in the suburb of  
8 Cheektowaga will have a profound impact on  
9 the quality of life in these neighborhoods.

10 To guide unemployed or underemployed  
11 individuals into advanced manufacturing and  
12 energy industries which are growing in the  
13 City of Buffalo, Governor Cuomo has allocated  
14 \$10 million for a workforce development plan  
15 to support job growth and ensure Buffalo has  
16 a workforce with skills to meet the  
17 requirements of the jobs of the future, and  
18 we certainly support that.

19 Approximately \$60 million of the  
20 proposed Buffalo Billion 2 funding is  
21 currently targeted for East Side  
22 revitalization projects where the city is  
23 experiencing high poverty. I applaud the  
24 Governor for this much-needed investment.

1           The new funding for the Buffalo  
2           Niagara Medical Campus, as part of the  
3           Buffalo Billion 2, will support the region's  
4           growth of medical startups, another area that  
5           is driving record amounts of employment  
6           opportunities for residents of the City of  
7           Buffalo.

8           I'm also enthusiastic about the  
9           Governor's budget proposal to make college  
10          tuition free for middle-class families at  
11          SUNY and CUNY. Many of Buffalo's  
12          top-performing high school students never  
13          apply to college even though they have  
14          displayed the ability to succeed  
15          academically. A majority of these students  
16          come from low-income households.

17          The City of Buffalo has made  
18          modernizing our municipal infrastructure a  
19          top priority. Buffalo has invested over  
20          \$217 million -- \$95 million of that in  
21          drinking water, and \$122 million in sewer  
22          improvements -- since 2006. I applaud the  
23          Governor for including over \$2 billion for  
24          clean water infrastructure.

1           Buffalo is continuing to protect the  
2           progress it has made and add tools that will  
3           allow the City of Buffalo to reach its full  
4           potential. We continue to need assistance to  
5           continue our fiscally responsible growth  
6           strategy. For example -- and I am going to  
7           summarize these, because you have the  
8           testimony in front of you -- we're seeking to  
9           build a public works campus and consolidate  
10          the operations of our Public Works  
11          Department, consolidating six facilities into  
12          one. Phase 1 would be a \$30 million  
13          investment.

14           Cars Sharing Main Street funding --  
15          I've been before you before and talked about  
16          the fact that 30 years ago our Main Street  
17          was closed to vehicular traffic when the  
18          light-rail rapid transit system was  
19          installed. And to date we have been able to  
20          invest close to \$60 million in opening up  
21          Main Street to vehicular traffic, with  
22          federal, state, and City of Buffalo dollars.  
23          It has been of major benefit to the City of  
24          Buffalo, and we would like to continue that

1       process with an allocation of \$30 million to  
2       open up another two blocks of our  
3       Main Street.

4               I will tell you that the \$60 million  
5       of investment with public resources that we  
6       have been able to make has stimulated over  
7       \$500 million of private-sector investment.

8               We'd also like to create a unique  
9       Tax-Reduction Incentive Program. And we'd  
10      like Buffalo to be the model for that  
11      program, where our state would provide an  
12      incentive for those municipalities who  
13      actually cut taxes and maintain those tax  
14      cuts for at least five years. The details of  
15      the program are in our presentation before  
16      you.

17              We would also like to close the  
18      utility services tax loophole. We've talked  
19      about this before. Cities like Buffalo,  
20      Rochester, and Yonkers previously have had  
21      the ability -- and we still do -- to collect  
22      the 3 percent tax on gross receipts of local  
23      services provided by utility companies, but  
24      we are not able to do that on the wireless

1           companies. The state has adopted legislation  
2           to give the state the ability to impose an  
3           excise tax on telecommunications, and that is  
4           not the case with cities outside of New York  
5           City. And that would be very important to  
6           Buffalo and other upstate cities to have this  
7           ability.

8                       Finally, AIM funding is the lifeblood  
9           of municipal governments, and any decrease or  
10          disruption in this funding jeopardizes  
11          essential services. As you know, in 2010 the  
12          AIM program was cut by 7.6 percent and has  
13          not been fully restored since that time. As  
14          the operating costs of running a municipality  
15          have continued to increase at an almost  
16          unsustainable pace over the last seven years,  
17          AIM funding has remained flat. My request is  
18          that AIM funding be increased to coincide  
19          with the rate of inflation.

20                      Again, through hard work and careful  
21          planning, and with the support of the  
22          Governor and this legislative body, we have  
23          been able to make significant progress in the  
24          City of Buffalo. We have worked hard to

1       build a foundation for future growth and  
2       investment. We are grateful to your role in  
3       that, and we're asking for your continued  
4       support and assistance as you deliberate this  
5       year's state budget.

6               Thank you very much.

7               CHAIRMAN FARRELL: Thank you.

8               Mr. Benedetto?

9               ASSEMBLYMAN BENEDETTO: Yes. Welcome  
10       here, Mayor, and it's a pleasure to have you  
11       in the hall.

12              MAYOR BROWN: It's a pleasure to be  
13       here.

14              ASSEMBLYMAN BENEDETTO: Everything  
15       sounds like things are going in the right  
16       direction in Buffalo, and you are rather  
17       laudatory towards our Governor and for the  
18       things he has done.

19              MAYOR BROWN: And the Legislature as  
20       well.

21              ASSEMBLYMAN BENEDETTO: Okay. We'll  
22       take that.

23              The Governor has various competitions.  
24       The municipal consolidation and efficiency

1 competition -- have you taken advantage of  
2 that? Do you have any nearby cities or towns  
3 that you can join with, and have you?

4 MAYOR BROWN: We have been able to  
5 implement a number of efficiencies in the  
6 City of Buffalo, some of them I outlined in  
7 my presentation, that have saved the  
8 residents and taxpayers of our city in some  
9 cases hundreds of thousands of dollars -- in  
10 other cases, potentially millions of dollars.

11 Buffalo is the largest municipality in  
12 the Western New York region, and many  
13 consolidations have been done over a long  
14 period of time. So, for example, at one time  
15 the city and the county both had health  
16 departments. Those have been consolidated.  
17 There's only a county health department. The  
18 city and county once had separate library  
19 systems. The library systems have been  
20 consolidated.

21 So a lot of the major consolidations  
22 that could have been implemented in our  
23 region over the years have been implemented,  
24 so it would be hard for us to identify other

1 consolidations with our neighboring suburban  
2 municipalities.

3 ASSEMBLYMAN BENEDETTO: So this  
4 particular one would not really apply to you  
5 enough really to benefit from.

6 Tell me about the Car Sharing Main  
7 Street project. I'm not familiar with it,  
8 but it sounds like a wonderful program.  
9 Enlighten me.

10 MAYOR BROWN: So about 30 years ago, a  
11 light-rail rapid transit system was installed  
12 on Main Street in downtown Buffalo. The  
13 installation of the light rail was heralded  
14 as being a great thing for retail and  
15 business in downtown Buffalo, but the project  
16 took so long it essentially killed retail in  
17 downtown Buffalo and caused the closure of  
18 many businesses in our downtown.

19 During my entire tenure as mayor, we  
20 have been working to assemble funds to reopen  
21 Main Street to vehicular traffic and to  
22 stimulate private-sector reinvestment in the  
23 downtown and the City of Buffalo, and we have  
24 been very successful in doing that. We've



1           attracted federal funds, we've been able to  
2           secure state funds, and we have put City of  
3           Buffalo funds into the project, almost  
4           totaling about \$60 million, opening three  
5           blocks of Main Street.

6                     And in opening those three blocks of  
7           Main Street, we have seen substantial  
8           private-sector investment and business  
9           relocation and startup in those areas where  
10          we have been able to reopen the Main Street  
11          and downtown to vehicular traffic.

12                    ASSEMBLYMAN BENEDETTO:  Very  
13          interesting.  One of these days I'll have to  
14          get up and visit Ms. Peoples and take an  
15          actual look and see how things are going.

16                    MAYOR BROWN:  We would love to host  
17          you.

18                    ASSEMBLYMAN BENEDETTO:  Thank you for  
19          your time.

20                    CHAIRMAN FARRELL:  Thank you.  
21                    Senator?

22                    CHAIRWOMAN YOUNG:  Thank you very  
23          much, Mr. Chairman.  Thank you.

24                    It's always great to see a fellow

1 Western New Yorker here, so I welcome you,  
2 Mayor. I'm so happy to see you again.

3 MAYOR BROWN: Great to see you,  
4 Senator Young.

5 CHAIRWOMAN YOUNG: We are just  
6 thrilled with the rejuvenation of Buffalo and  
7 your good work and what we've been able to do  
8 as partners on the state level.

9 I just did have one really quick  
10 question. Recently you signed into law  
11 Green Code legislation which would affect  
12 many aspects of development in the city, from  
13 historic preservation to environmentally  
14 friendly policies to even walkability. And  
15 there have been many articles about what it's  
16 going to do as far as impacting the  
17 community, and I was wondering about the  
18 city's budget. And could you give us an  
19 outline as to what you think the impact will  
20 be on the city budget, not only this year but  
21 prospectively?

22 MAYOR BROWN: Well, what the Green  
23 Code will do is really update our land use  
24 planning, and it will be a unified

1 development ordinance for the City of  
2 Buffalo. As I mentioned in my testimony, we  
3 haven't updated our zoning laws in any  
4 substantial way in 63 years. So this has  
5 been a major undertaking, a major planning  
6 effort for us.

7 We're one of only three major cities  
8 in the country to do a complete overhaul of  
9 our zoning laws, and we believe it will make  
10 the development process in the City of  
11 Buffalo quicker and more predictable. It  
12 will make it easier for people who want to  
13 build things to be able to do that, and it  
14 will give citizens who previously have been  
15 concerned about some development the  
16 opportunity to weigh in and say what they  
17 would like to be built, how they would like  
18 it to be built, and where they would like it  
19 to be built, built into the codes that will  
20 address everything, as you mentioned, from  
21 walkability to historic preservation and  
22 other issues as it relates to development.

23 We think budgetarily it will have the  
24 impact of stimulating additional economic

1           development. We think it will add to our tax  
2           base. We have tried to be extremely  
3           efficient in the City of Buffalo. We have  
4           really tightened our belts over the years,  
5           and we are looking forward to now being able  
6           to reap the benefit of that by being able to  
7           generate additional tax revenue because we're  
8           bringing more businesses and residents into  
9           the city.

10                   CHAIRWOMAN YOUNG: Thank you.

11                   CHAIRMAN FARRELL: Thank you.

12                   We've been joined by Assemblywoman  
13           Fahy and Assemblyman McDonald.

14                   Next to question, Crystal  
15           Peoples-Stokes.

16                   ASSEMBLYWOMAN PEOPLES-STOKES: Thank  
17           you, Mr. Chairman, for the opportunity to ask  
18           a few questions of the mayor of the great  
19           City of Buffalo.

20                   Mr. Mayor, I want to thank you and  
21           your commissioner for being here this morning  
22           to share with us your thoughts on the  
23           Governor's proposed budget. I did want to  
24           ask you one thing that you did not mention in

1       your presentation that the Governor has  
2       included in his proposed budget, and that's  
3       ride-sharing and Uber. So I wanted to  
4       hear -- well, did you -- your thoughts on  
5       that. Did you support the Governor's  
6       position on it? Do you have some concerns  
7       about local control? Where are you on that  
8       issue?

9               MAYOR BROWN: We certainly support  
10       ride-sharing in the City of Buffalo.

11              I have been a very vocal proponent of  
12       ride-sharing. We think it provides another  
13       option for transportation for residents and  
14       visitors in the City of Buffalo.

15              We think also, being a very large  
16       college community with a number of colleges  
17       and universities, it also provides a measure  
18       of safety for our young people when they go  
19       out on weekends, to make sure that they can  
20       call one of the ride-sharing companies and  
21       safely be able to get home without the  
22       potential of driving and drinking. We think  
23       it will reduce that in communities, as has  
24       been evidenced in other communities where

1 ride-sharing exists.

2 And then we also believe that it is  
3 another option to provide employment  
4 opportunities for members of our community  
5 where we do have high poverty in some  
6 segments of the population.

7 So we are very much in favor of the  
8 Governor's proposal for ride-sharing. I know  
9 that many in the Legislature have also been  
10 very strong proponents of ride-sharing, and  
11 we believe that it can be done without having  
12 a detrimental impact on the traditional  
13 taxicab industry.

14 ASSEMBLYWOMAN PEOPLES-STOKES: Well,  
15 can you just explain a little bit about how  
16 you think that can be done without having  
17 that detrimental impact? Because I'm hopeful  
18 that it can be done without that  
19 detrimental -- but I haven't heard the  
20 clarity on that yet, from the Governor's  
21 perspective.

22 MAYOR BROWN: Well, you know, like  
23 you, we're certainly waiting for more  
24 details. What we have always done when we

1       have expressed our support for ride-sharing  
2       is also express that we support the  
3       traditional taxicab industry, and we would  
4       like to see a proposal developed that allows  
5       for healthy business competition but also  
6       allows those two types of businesses to exist  
7       to provide more transportation options for  
8       our residents.

9               So I am hopeful that as the proposal  
10       is more fully fleshed out and developed, we  
11       will see that kind of detail and we will see  
12       a proposal that will allow those  
13       transportation options for the community.  
14       Because I think the more options we can  
15       provide to people and the more business  
16       competition that is offered, we will see  
17       pricing go down and people having the  
18       particular transportation option that best  
19       suits their needs.

20               ASSEMBLYWOMAN PEOPLES-STOKES: Great.  
21       Thank you. I concur, and I think it will be  
22       a huge economic benefit to the region as  
23       well. So I'm hopeful that through these  
24       conversations we will work it out so that

1           both the new Uber driver and the traditional  
2           taxi driver can work collaboratively.

3                     The other question I wanted to ask, if  
4           you could just expound on it a little bit, is  
5           the whole issue of land grant, which as you  
6           know was a pretty significant measure to get  
7           done. I certainly want to give many thanks  
8           to my colleague Mr. Gallivan, and certainly  
9           the Governor for signing the bill.

10                    But the thought process that your  
11           administration has on using those properties  
12           to actually allow people to become first-time  
13           homeowners. Have you implemented that  
14           process yet? And if so, how many people has  
15           it positively affected?

16                    MAYOR BROWN: So we're in the process  
17           of implementing that policy now. We will be  
18           certainly in communication with your office  
19           and other members of the Western New York  
20           delegation to give them a preview of the  
21           details of the program that we will be  
22           initiating to assist people in becoming  
23           owner/occupants with the properties that we  
24           have been able to secure in the in rem



1           foreclosure auctions.

2                       Thanks to you and your colleagues, in  
3           this first foreclosure auction since we got  
4           the superbid power, we've been able to  
5           acquire 60 properties in the City of Buffalo.  
6           And our goal with all of those properties is  
7           to assist people who are currently renters in  
8           the neighborhoods surrounding the properties  
9           to become homeowners.

10                      The other thing that is important to  
11           note is in being able to do that, we will  
12           work with people in various city  
13           neighborhoods and establish what is called  
14           homebuyers clubs, where we will help people  
15           repair their credit, where we will help  
16           people become prequalified for mortgages so  
17           that they can not only take advantage of  
18           these city housing opportunities through the  
19           land bank, but other housing opportunities  
20           that exist in the neighborhoods in the City  
21           of Buffalo.

22                      So this is a critically important  
23           piece of legislation that not only will  
24           promote home ownership but will help to

1           stabilize the tax base in the City of Buffalo  
2           and help people improve their personal  
3           finances.

4                     And I also want to just thank you,  
5           Assemblymember, for the work that you have  
6           been doing with my office in partnership to  
7           help people strengthen and stabilize their  
8           finances in the city. And one example of  
9           that is the series of wills and estates  
10          workshops that we have done in the City of  
11          Buffalo that actually help people establish a  
12          will for themselves so that when they pass  
13          on, and we will all do that, it is determined  
14          where their property will go so that we can  
15          keep wealth and assets in families.

16                    ASSEMBLYWOMAN PEOPLES-STOKES: Well,  
17          thank you for your comments on that, because  
18          it is a very important initiative that we're  
19          doing.

20                    But you know, I just want to add this.  
21          I think your work in creating home ownership  
22          for people who are now renters in communities  
23          that are close to becoming gentrified means  
24          they have an opportunity not only to stay in

1       the communities where they have always been,  
2       but also to be in a community that is  
3       transitioning in terms of the quality of the  
4       housing stock, and quite frankly the support  
5       of the businesses that will come there as  
6       well.

7               MAYOR BROWN: This is just one tool  
8       that we will use to try to prevent  
9       gentrification in the community. Also, in  
10       addition to using this as a tool, we have  
11       been meeting in different communities to talk  
12       about this and how it will work. So it's  
13       going to -- there will be extensive community  
14       outreach so people are aware of this.

15               Because initially when this  
16       legislation was passed, people felt that it  
17       would give the city the ability to come in  
18       and take their homes. So we are going to be  
19       in intense communication with the residents  
20       to let them know that this has been  
21       established for their benefit.

22               I also want to just finally mention,  
23       on this point, the properties that the city  
24       was able to secure with this superbid power

1           were not -- were taken from absentee owners  
2           not living in the City of Buffalo. So we did  
3           not take a property from someone that lived  
4           in the city, that lived in the home. So no  
5           one's personal property was taken as a result  
6           of this legislation. These were all  
7           absentee-owned properties that the city  
8           acquired.

9           ASSEMBLYWOMAN PEOPLES-STOKES: Right.

10           So again, I want to commend your  
11           administration for figuring out a strategy, a  
12           legislative strategy, albeit, that we were  
13           happy to get through for you that will really  
14           kind of help deal with this great problem  
15           that we have.

16           Our economy is growing, we're excited  
17           about that, people are moving in, excited  
18           about that -- but at the end of the day, we  
19           don't want to force the existing constituent  
20           into a place where they can't afford to live  
21           in the communities that they've traditionally  
22           lived in. So I want to thank you for your  
23           efforts on that.

24           Finally, I will just ask about the

1 Tax-Reduction Incentive Program. Is that a  
2 concept that you and your administration have  
3 come up with that could be beneficial to the  
4 state and other municipalities across the  
5 state, or is this something that has been in  
6 place for some time somewhere else?

7 MAYOR BROWN: No, it's a new concept  
8 that we are proposing to the Governor and to  
9 the Legislature.

10 What we've tried to do is -- we know  
11 that there is a tax burden in the state that  
12 we're all concerned about, and what we've  
13 tried to do is actually come up with an  
14 incentive to encourage municipalities on  
15 their own, in partnership with the state, to  
16 find ways that they can reduce their tax  
17 burden. And as they find ways to reduce that  
18 tax burden, the way that the state would  
19 partner would be to provide them with an  
20 incentive to do that.

21 So there is the stick approach and  
22 there is the carrot approach. We are  
23 proposing a carrot approach for those  
24 municipalities that work in partnership with

1           the state to find ways to reduce the tax  
2           burden on the local level. We think we have  
3           found ways to do that in the City of Buffalo.  
4           We would like to be a model for how that can  
5           be done, and we think that this could become  
6           a statewide program, particularly for upstate  
7           cities.

8                     ASSEMBLYWOMAN PEOPLES-STOKES: Thank  
9           you. Thank you, Mr. Chairman.

10                    CHAIRMAN FARRELL: Thank you.  
11           Senator?

12                    CHAIRWOMAN YOUNG: Senator Krueger.

13                    SENATOR KRUEGER: Thank you.  
14           How are you, Mr. Mayor?

15                    MAYOR BROWN: I'm doing well, Senator  
16           Krueger. Good to see you.

17                    SENATOR KRUEGER: Nice to see you  
18           again.

19                    So you answered the question before  
20           that under the Governor's proposed  
21           consolidation between cities and counties,  
22           that for you, you really believe you've done  
23           this before with Buffalo and Erie.

24                    And yet, as I read the Governor's

1           proposal, if you didn't do something and get  
2           it past your local election process, you'd  
3           lose money. Is that your understanding?

4                   MAYOR BROWN: That is our reading of  
5           it.

6                   SENATOR KRUEGER: I can't imagine you  
7           really want to lose your AIM funding.

8                   MAYOR BROWN: We do not want to lose  
9           money.

10                   SENATOR KRUEGER: Me either. I don't  
11          want you to lose that AIM funding either.

12                   Second, in the Governor's budget  
13          language, he puts a sentence in several  
14          different sections of bill language that if  
15          we lost federal revenue, or otherwise lost  
16          revenue, that he would be able to cut aid to  
17          localities.

18                   Now, you and I were legislators  
19          together, so this would actually pull the  
20          Legislature out of the process of  
21          reevaluating the budget at a time where we  
22          might see a reduction in certain kinds of  
23          revenue. How do you feel about that?

24                   MAYOR BROWN: Well, you know, I would

1       say that clearly, as a former legislator, I  
2       do believe in the checks and balances in our  
3       system of government. And I'm certainly  
4       hopeful through these budget deliberations  
5       and negotiations that this will be resolved  
6       in a way that will be beneficial to  
7       municipalities across the state.

8               SENATOR KRUEGER: Thank you.

9               My final question, so I've been to  
10       your lovely city, I know how close it is to  
11       this country called Canada, across the  
12       bridge. I even met with the Canadian  
13       representatives when they were here in town,  
14       I guess -- two weeks ago? Two weeks ago.  
15       And I was very disturbed to read an article  
16       over the weekend that President Trump intends  
17       to require a new process for allowing people  
18       to cross the border, and there were people  
19       from I think both sides of the border saying  
20       this could increase the time frame for people  
21       to cross the Canadian-New York border, you  
22       know, by 10 or 20 times what it takes them  
23       now.

24               What do you believe the impact would



1           be on your city if basically people couldn't  
2           really cross the border to come from Canada  
3           across to Buffalo and vice versa?

4                   MAYOR BROWN: That would be a major  
5           concern for us. Obviously Canada is one of  
6           our largest trading partners. Being a border  
7           city, we see the folks on the border as our  
8           friends and our neighbors and in some cases  
9           family members. We have enjoyed the ability  
10          to move pretty quickly back and forth across  
11          the Canadian border, and in fact over the  
12          last few years American and Canadian agencies  
13          as well as the State of New York have worked  
14          very diligently together to make the speed of  
15          crossing even faster at the Canadian border  
16          with Buffalo and with Niagara Falls. We  
17          certainly would not want to see that time  
18          substantially increase.

19                   We are concerned about the President's  
20          new immigration executive orders. We have  
21          made it quite clear, I have made it quite  
22          clear, that Buffalo is a welcoming city, that  
23          we welcome immigrants and refugees. We've  
24          also made it clear that we are concerned

1           about some elements of the immigration  
2           orders, and we have communicated -- we will  
3           be communicating our concerns to the  
4           White House, but we certainly would not want  
5           to see some of these provisions enacted that  
6           would slow the ability to move freely between  
7           the U.S. and the Canadian border.

8                     SENATOR KRUEGER: I certainly agree  
9           with your position. I would just highlight I  
10          think this proposal, unlike some of the other  
11          disturbing executive orders around  
12          immigration and refugees, would serve to keep  
13          shoppers and tourists from coming across from  
14          Canada to Buffalo and Western New York. And,  
15          you know, I've talked to other colleagues  
16          about the incredible tourism we get into the  
17          Adirondacks and the Great Lakes areas and the  
18          Thousand Islands during the summer. And it  
19          seems to me this could shut all of that down,  
20          with an enormous economic negative impact.

21                    MAYOR BROWN: That could have a  
22          disastrous economic impact for Buffalo and  
23          Western New York. If you go to many of our  
24          areas for shopping in the City of Buffalo, in

1 Western New York, if you go to Buffalo Bills  
2 games or Buffalo Sabres games, there are  
3 literally thousands and thousands of  
4 Canadians that come to shop, that come to  
5 sporting events, that are pumping millions of  
6 dollars into our economy.

7 So we would be very concerned, and we  
8 are very concerned about this proposal.

9 SENATOR KRUEGER: I am too. Thank you  
10 very much, Mr. Mayor.

11 MAYOR BROWN: Thank you.

12 CHAIRMAN FARRELL: Thank you.

13 Mr. McDonald.

14 ASSEMBLYMAN McDONALD: Thank you.

15 Mr. Mayor, good to see you.

16 MAYOR BROWN: Good to see you too,  
17 Assemblymember.

18 ASSEMBLYMAN McDONALD: So, glad to see  
19 your DPW effort is still moving ahead. I  
20 think it's great and it's a great effort of  
21 consolidating but also making opportunities  
22 available.

23 I was interested in your TRIP program,  
24 the Tax-Reduction Incentive Program. And in

1           it you mentioned the idea of the state  
2           incentivizing by -- I guess it's providing  
3           \$2 million for every 1 percent of combined  
4           real property tax reductions, so reducing the  
5           levy by 1 percent.

6                        So what does that mean? Quantify it  
7           in regards to Buffalo. What does that, in  
8           dollars and cents, mean? A reduction of X  
9           will lead to \$2 million.

10                   MAYOR BROWN: You know, so for Buffalo  
11           and other communities it could mean  
12           significant resources.

13                   ASSEMBLYMAN McDONALD: No, I  
14           understand. I mean, is it -- a 1 percent  
15           reduction is equal to what, \$300,000,  
16           \$50,000? Reducing the levy -- what would  
17           that 1 percent be?

18                   COMMISSIONER ESTRICH: I think we're  
19           talking about reducing the tax rate.

20                   ASSEMBLYMAN McDONALD: You're talking  
21           about reducing the rate or the levy?

22                   COMMISSIONER ESTRICH: The tax rate.

23                   MAYOR BROWN: The tax rate.

24                   ASSEMBLYMAN McDONALD: The tax rate.

1                   MAYOR BROWN: The tax rate.

2                   ASSEMBLYMAN McDONALD: Okay.

3                   MAYOR BROWN: So rate times levy, as  
4                   you know, equals the tax bill.

5                   ASSEMBLYMAN McDONALD: Right. Okay,  
6                   okay.

7                   I think the idea is great. You know,  
8                   it's interesting, because I think property  
9                   taxes have been a challenge for every  
10                  municipal leader. I'm not too far removed  
11                  from being one myself. And oddly enough,  
12                  probably the only option that hasn't been  
13                  tried in the last several years is to  
14                  financially incentivize municipalities to get  
15                  to the desired target. This is actually one  
16                  of the few times that we do that.

17                  I know that we talked about AIM  
18                  funding, and AIM funding is critical, it's  
19                  important. I personally don't believe it  
20                  should be on the chopping block right now,  
21                  trying to arrange these forced marriages  
22                  that's being discussed with the referendum.

23                  But I do believe an opportunity to  
24                  incentivize municipal leaders to reduce their

1 tax rate, if that's what you're saying, is a  
2 step in the right direction. Because at the  
3 end of the day, Mrs. Jones looks at her tax  
4 bill in 2015 and 2016 and doesn't really know  
5 about the freeze, doesn't really know about  
6 the rebate check that's coming, but when she  
7 sees \$3,000 and then sees it at \$2,700,  
8 that's actually real, achievable savings.

9 So I'm in concert with that idea, and  
10 I appreciate your making this suggestion.

11 MAYOR BROWN: Thank you, Assemblyman.

12 ASSEMBLYMAN McDONALD: Thank you.

13 CHAIRWOMAN YOUNG: Thank you very  
14 much.

15 Senator Kennedy?

16 SENATOR KENNEDY: Thank you, Senator  
17 Young.

18 Mayor, welcome. Welcome back.

19 MAYOR BROWN: Good to see you,  
20 Senator Kennedy.

21 SENATOR KENNEDY: It's always great to  
22 see you.

23 First of all, thank you for your  
24 testimony here today. I think you

1 highlighted some extremely important not only  
2 numbers and programs but initiatives that  
3 your administration has put forward.

4 I think it -- suffice it to say that  
5 the city is on extremely solid footing under  
6 your leadership, and there has been quite a  
7 transformation over the course of the last  
8 decade. As a matter of fact, I was in my  
9 office talking to some young folks today  
10 about the transformation of the last  
11 10 years.

12 The last several years we have seen an  
13 unprecedented commitment from the state, and  
14 with your leadership and the leadership of  
15 your administration and the leadership of  
16 Governor Cuomo, we have enacted the Buffalo  
17 Billion initiative of funding from Albany.

18 I know you touched on it in your  
19 testimony; the second round of the Buffalo  
20 Billion is upon us in the budget  
21 deliberations that are taking place right  
22 now. Can you just speak to the importance of  
23 this initiative, the second round -- where  
24 we're at, the momentum that's been created

1           because of the first Buffalo Billion, what it  
2           means to Buffalo and how it will be  
3           implemented moving forward?

4                   MAYOR BROWN: Well, it means a great  
5           deal to Buffalo. Working very closely with  
6           Governor Cuomo, the Western New York  
7           legislative delegation, and the members of  
8           the Legislature both in the Assembly and in  
9           the Senate, we have seen transformational  
10          economic development in the City of Buffalo.  
11          Just from 2012 to present, we are now up over  
12          \$6 billion of economic development projects  
13          that have broken ground in the city.

14                   A number of those projects, many of  
15          those projects are being fueled by the  
16          Buffalo Billion, but some of those projects  
17          that are being developed and moving forward  
18          in our community now with the first  
19          Buffalo Billion have not even had their  
20          impact yet as facilities are being built out.

21                   Tonight, for example, I have a meeting  
22          where roughly 200 people will be in  
23          attendance for the Northland Workforce  
24          Development Center, a major workforce



1        development center that will focus on green  
2        technology, advanced manufacturing, that will  
3        train thousands of people in Buffalo and  
4        Western New York for the jobs that are coming  
5        online in our community and pump new life  
6        into an area of the city that has been  
7        incredibly hard-hit with disinvestment for  
8        several decades, where there are many  
9        residents of that community living in serious  
10       poverty.

11                The hope and opportunity that people  
12       are feeling that live in that surrounding  
13       area is just absolutely amazing. I support  
14       strongly the Buffalo Billion 2. A number of  
15       the items that went into that proposal were  
16       recommended by my administration to the  
17       Governor's office.

18                You know, I thank the Governor for  
19       partnering with us, for listening to us, for  
20       seeing that for many decades Buffalo, the  
21       second largest city in the State of New York  
22       and Western New York, one of the largest  
23       regions in our state, was largely left out of  
24       major state economic development investment

1           for decades and decades and decades.

2                     This is creating a real interest --  
3           not just locally and regionally, but  
4           nationally and internationally -- in  
5           businesses wanting to invest in the City of  
6           Buffalo. I think that that is important for  
7           the entire State of New York.

8                     The other things that I like about the  
9           Buffalo Billion 2 is it is not just for the  
10          City of Buffalo in this round. It addresses  
11          the City of Niagara Falls, it puts resources  
12          into surrounding suburban municipalities, it  
13          provides resources for small business, it  
14          provides resources for the East Side of  
15          Buffalo, which is largely an African-American  
16          section of the city where there is high  
17          poverty.

18                    So I think it is very creative in its  
19          design. I think it's going to pump more jobs  
20          into the region, that it's going to create  
21          more opportunity not only for city residents,  
22          city residents living in poverty, those who  
23          are unemployed and underemployed, but  
24          residents throughout the entire region,

1 making that a strong region in the State of  
2 New York.

3 SENATOR KENNEDY: Thank you.

4 You know, you touched on training and  
5 education, and I know a large piece of that  
6 second Buffalo Billion initiative is focused  
7 on getting it to the folks that need it the  
8 most, as you mentioned -- unemployed,  
9 underemployed.

10 I want to touch on education as well.  
11 And you have been in the forefront of the  
12 Say Yes to Education initiative. Part of  
13 that Buffalo Billion is focused on bringing a  
14 portion, about \$10 million in the proposed  
15 budget, to Buffalo. Last year Syracuse  
16 received a large portion in the budget,  
17 Buffalo this year will be receiving -- if all  
18 is enacted through the budget -- \$10 million  
19 to the Say Yes to Education program.

20 Can you speak to that and the  
21 importance of that and what it means to the  
22 education of our youth, where it's taking our  
23 schools, and quite frankly -- in the  
24 interests of time I'll leave it at this --

1        what it means to a younger population being  
2        educated, staying in the City of Buffalo, and  
3        setting up roots, as we're seeing the  
4        millennials staying in our community?

5                MAYOR BROWN: Well, you know, as you  
6        know, education is critically important as a  
7        building block for people being able to  
8        improve their lives and live out the American  
9        dream. We are fortunate that about four  
10       years ago now we were able to be selected for  
11       the Say Yes to Education program to come to  
12       Buffalo.

13               The first municipality in this state  
14       that got that program was the City of  
15       Syracuse, and we were able to look at the  
16       wonderful lessons learned in that great,  
17       great city, and we really came together as an  
18       entire community to bring this program to  
19       Buffalo that promises a college scholarship  
20       for every child that graduates from a Buffalo  
21       public or charter school.

22               But beyond that, it provides support  
23       to children and families to get our children  
24       to the point where they can actually qualify

1 to graduate from high school and get into  
2 college. At this point, in the private  
3 sector over \$25 million has been raised for  
4 the scholarship portion of the program,  
5 showing the significant commitment that the  
6 community has to the program. And since the  
7 program has been in place in our community,  
8 high school graduation rates in Buffalo that  
9 sadly were abysmally low, hovering around  
10 48 percent, are now up to 64 percent.

11 So the program has been a major  
12 benefit to children in the City of Buffalo,  
13 and I think what this \$10 million infusion  
14 for Say Yes that the Governor has proposed --  
15 we will see graduation rates continue to  
16 rise, we will see college matriculation  
17 increase in the City of Buffalo, and we will  
18 find more hope for families that previously,  
19 no matter how bright some of our children  
20 were, who didn't feel like they would be able  
21 to send their children to college to get a  
22 higher education. Now those barriers are  
23 lifted, and that hope and opportunity for a  
24 good education and a brighter future exist

1           for every child in the City of Buffalo.

2                   SENATOR KENNEDY: That's great. Thank  
3           you, Mayor.

4                   CHAIRWOMAN YOUNG: Thank you.

5                   CHAIRMAN FARRELL: Thank you.

6                   We've been -- David Gantt is here.

7                   That's it. Thank you very much.

8                   MAYOR BROWN: Thank you, Mr. Chairman.

9           Thank you, Madam Chair, legislators. Thank  
10          you all very much.

11                   CHAIRWOMAN YOUNG: Thank you.

12                   MAYOR BROWN: Good luck with your  
13          deliberations.

14                   CHAIRMAN FARRELL: The Honorable Kathy  
15          M. Sheehan, mayor, City of Albany.

16                   MAYOR SHEEHAN: Good afternoon.

17                   CHAIRMAN FARRELL: Good afternoon.

18                   CHAIRWOMAN YOUNG: Good afternoon.

19                   MAYOR SHEEHAN: Are we ready?

20                   CHAIRMAN FARRELL: Yes, we're ready.

21                   MAYOR SHEEHAN: So I'd like to start  
22          by thanking Chairpersons Young and Farrell  
23          for inviting me here today to speak with you  
24          about the City of Albany. And I want to

1           thank the Senate Finance Committee and the  
2           Assembly Ways and Means Committee and the  
3           other members of the Senate and Assembly who  
4           are present, along with members of our  
5           delegation. I know I saw Assemblymember Pat  
6           Fahy, Assemblymember McDonald is here, and  
7           Senator Breslin, who works so closely with  
8           the City of Albany with respect to all sorts  
9           of issues, but in particular our financial  
10          challenges.

11                 So I'd like to start by reminding  
12          everybody about the City of Albany. We are  
13          the capital of the state, as you know, and it  
14          is a city that doubles in population nearly  
15          every day. And that's great for the economy,  
16          but it's actually a bit of a mixed blessing  
17          for the City of Albany because those  
18          employees, most of them, walk into tax-exempt  
19          buildings.

20                 Our largest employers, other than  
21          state government, are Albany Medical Center,  
22          St. Peter's Hospital, the VA, Memorial  
23          Hospital, UAlbany, SUNY Poly, the Center for  
24          Disability Services -- those are the large

1 employers in this area. And all of them  
2 enjoy a tax exemption.

3 And while we would benefit from sales  
4 tax revenues that employees generate at  
5 lunchtime, many of these large  
6 institutions -- actually, all of these large  
7 institutions -- provide on-site dining, and  
8 sales taxes are shared countywide. So the  
9 sales tax dollars generated in the City of  
10 Albany are taken by the county and then  
11 distributed countywide based on population.  
12 So it is a challenge for the City of Albany.

13 And we are a city of neighborhoods.  
14 We have 25 unique neighborhoods, and our  
15 homeowners and residents in those  
16 neighborhoods really bear a disproportionate  
17 burden of our tax levy. So residents own  
18 about 35 percent of the value of all of the  
19 property in the City of Albany, yet they pay  
20 nearly 60 percent of the tax levy.

21 We are investing in our neighborhoods.  
22 We've seen a tremendous amount of investment  
23 in market-rate housing in our downtown, in  
24 Park South and in other areas of our city,



1           and we're really proud of that growth and  
2           seeking to incentivize and encourage that  
3           type of growth.

4                   I announced in my State of the City  
5           this year that we have identified HUD funding  
6           that we are going to be using \$1 million of  
7           to encourage investment in vacant buildings,  
8           in collaboration with the land bank, so that  
9           we can layer that funding on top of funding  
10          that's available from our land bank and other  
11          sources in order to get vacant buildings back  
12          on-line.

13                   And we're providing a \$300,000 pool  
14          for emergency repairs. We have so many of  
15          our residents who are just above the  
16          threshold to receive HUD funding for those  
17          emergency repairs -- you know, they're just  
18          above that 80 percent of AMI -- and so we've  
19          identified a pool of funding from a repayment  
20          of a HoDAG loan that's going to allow us to  
21          help individuals who are in that 80 to  
22          125 percent stay in their homes, not lose  
23          their home because their furnace breaks down  
24          or they need to put in new stairs.

1           So we're really working to invest in  
2           every neighborhood and to keep people in our  
3           homes and to attract people to our city,  
4           because that's how we grow our tax base here.

5           As you will note, if you look at the  
6           fiscal stress test chart that we provided,  
7           the New York State Comptroller fiscal stress  
8           score, Albany is obviously significantly the  
9           most fiscally stressed city in the state, and  
10          you can see that we are in significant fiscal  
11          stress. The next closest city is just edging  
12          into that significant fiscal stress  
13          territory. And the Comptroller, certainly  
14          being here in Albany, understands the  
15          challenges and how we got to where we were.

16          We've been deficit-spending since at  
17          least 2007, and we have depleted our Rainy  
18          Day Fund, and we've reached really the end of  
19          our ability to use that Rainy Day Fund to  
20          bridge the gap between what it costs to run  
21          the city and what we can reasonably raise in  
22          revenue.

23          But we are working to build that  
24          bridge. Since I took office we have, with a

1       tremendous amount of help from the state,  
2       been able to implement Enterprise Resource  
3       Planning software -- we have not had new  
4       software since a purchase in 1998. And so we  
5       went to the Financial Restructuring Board,  
6       they provided us with funding to be able to  
7       purchase that software so that we could  
8       realize immediate savings and not have to  
9       finance that software going forward.

10               We've implemented an automated  
11       time-keeping system. We've implemented new  
12       tax billing software that has allowed us to  
13       collect more of our taxes and be more  
14       effective and efficient. And we've invested  
15       in additional technology to bring about  
16       efficiencies.

17               We've rolled out an automated  
18       recycling pilot program that automates the  
19       pickup of recycling that allows us to reduce  
20       the number of drivers on our trucks, reduce  
21       the number of injuries and our worker's  
22       compensation expenses. In a city like  
23       Albany. We can't deploy it throughout the  
24       entire city because we have many narrow

1 streets and townhouses. But everywhere that  
2 we can, we're doing it. And we're learning  
3 from that program and looking to extend it to  
4 all municipal solid waste.

5 We have done a tremendous amount of  
6 work to eliminate waste and find cost  
7 reductions and savings, and so in my 2017  
8 budget we were able to show a 2 percent  
9 reduction, year over year, from '16 to '17.  
10 That's the largest expenditure decrease in  
11 more than 15 years, and only the third  
12 decrease in 18 years.

13 So it's important because we are  
14 working hard to cut our way to the  
15 efficiencies that we know we can get from  
16 these investments in technology, in  
17 consolidation opportunities and efforts, and  
18 working better with the county and even among  
19 our own departments in the City of Albany.  
20 And so we've already cut nearly \$9.5 million.

21 We are asking again for \$12.5 million.  
22 I want to start by thanking you for  
23 supporting the spinup that was in the  
24 Governor's budget last year. We are

1        requesting, though, that we seek a permanent  
2        increase in funding for the capital city.

3                The PILOT payment that we currently  
4        receive from the state for the Empire State  
5        Plaza really is equivalent to just about  
6        0.36 percent of the value of all of the state  
7        property that is in the City of Albany. So  
8        that's, I'll say that again, 0.36 percent.

9                So we are really seeking to ensure  
10       that the capital city can provide services  
11       that we know are essential -- police, fire,  
12       emergency services, street maintenance -- for  
13       the nearly 200,000 people who come here to  
14       work every day, many of them in this building  
15       and in this plaza.

16               We are really working to close the  
17       revenue gap. The Financial Restructuring  
18       Board highlighted that the city needs to  
19       expand revenue sources. We thoroughly  
20       reviewed our finances again with an outside  
21       consultant that was provided by the state,  
22       and that consultant agrees that  
23       notwithstanding our cost-saving efforts, that  
24       gap still exists.

1           A patchwork of spinups and one-time  
2           one-shots really helped to maintain our  
3           solvency from year to year, but at this point  
4           the structural deficit of \$12.5 million is  
5           real and it is a significant challenge for  
6           the City of Albany. If we were to have to  
7           place that burden on our taxpayers, every  
8           property owner would receive a 22 percent  
9           property tax increase, if we were not able to  
10          receive the \$12.5 million in capital city  
11          funding.

12          You know, overall, 63 percent of the  
13          property in the city is tax-exempt, and  
14          60 percent of that tax-exempt property is  
15          owned by the state. And as I said, the  
16          current funding that we get under 19A is just  
17          0.36 percent of the value of all of that  
18          property.

19          I provided a map that just shows how  
20          widespread the amount of tax-exempt property  
21          is in the city. And so what does that drive?  
22          Well, it certainly would drive a conversation  
23          with respect to AIM.

24          And I'm often asked, why is AIM for

1       the City of Albany so low compared to the  
2       other upstate cities? If you look at the  
3       upstate cities, we have the lowest amount of  
4       AIM of any other city with a population of at  
5       least 50,000 residents. It's \$128.84 per  
6       capita, compared to \$617 for Buffalo,  
7       \$494 for Syracuse, \$419 for Rochester.

8               And I'm not suggesting that these  
9       municipalities do not need the AIM that they  
10      receive. I provide this information because  
11      I think it's critically important to  
12      understand what impact this is having on the  
13      City of Albany, and really how effective  
14      we've been with taxpayer dollars and with our  
15      AIM money in being able to provide the level  
16      of service that we currently provide.

17             If you look at our actual city and  
18      school tax levies in dollars, which is the  
19      next chart that I provide, AIM as a  
20      percentage of our total levy is just  
21      7.8 percent. In actual dollars, our city tax  
22      levy is higher than Rochester and Syracuse.

23             And the total tax levy of city and  
24      school is the highest -- almost. Rochester

1       beats us out by a little bit less than a  
2       million dollars, or just about a million  
3       dollars, in a city that is more than twice  
4       the size.

5               So it demonstrates to you that our  
6       residents and our taxpayers and our  
7       businesses are really bearing a significantly  
8       and disproportionately heavy burden with  
9       respect to property taxes. And so what does  
10      that mean? It's not even just across the  
11      state, it impacts our competitiveness right  
12      here in the Capital Region.

13             So, you know, a couple of places that  
14      I know where we see our legislators enjoying  
15      dinner is at Cafe Capriccio or at Jack's  
16      Oyster House, as compared to out on  
17      Wolf Road. Many of the members like to go  
18      out there to places like Blu Stone Bistro --  
19      the tax bill on Wolf Road for a restaurant is  
20      60 percent lower than the tax bill paid by  
21      that same establishment in the City of  
22      Albany. Sixty percent. So you can locate  
23      just across the line and significantly reduce  
24      your tax burden.



1           That's what I'm talking about with  
2           respect to our need for this \$12.5 million in  
3           additional capital city funding.

4           So, you know, our proposal is to  
5           address the gap with \$12.5 million in capital  
6           city funding, amending the Public Land Law to  
7           provide this as an additional source of  
8           revenue, because it is consistent with the  
9           amount of state property that is owned here  
10          and that we are so proud to be a part of, but  
11          that we just simply cannot continue down a  
12          path -- we have completely depleted our  
13          Rainy Day Fund.

14          And we are here to say thank you for  
15          the support that you've provided for this  
16          capital city funding, and to urge you to make  
17          this, rather than a spinup, additional aid  
18          for the capital city.

19          Thank you.

20                 CHAIRMAN FARRELL: Thank you.

21                 Questions?

22                 CHAIRWOMAN YOUNG: Hi, Mayor.

23                 MAYOR SHEEHAN: Hi.

24                 CHAIRWOMAN YOUNG: Welcome today.

1       We're very happy to have you here as part of  
2       this discussion, and I just had a couple of  
3       questions.

4               Last year you had asked for the  
5       \$12.5 million spinup, which was granted with  
6       the condition that the Financial  
7       Restructuring Board work with you to come up  
8       with ways to solve your problems. The  
9       Financial Restructuring Board is supposed to  
10      help you come up with budgets that don't have  
11      the \$12.5 million included. Can you tell us  
12      what the status of the Financial  
13      Restructuring Board is, and where you're at  
14      as far as developing budgets that don't  
15      include the \$12.5 million?

16             MAYOR SHEEHAN: So we worked with the  
17      consultant that was hired by the Financial  
18      Restructuring Board all throughout the course  
19      of last year. We developed budget models  
20      that looked out three years, seeking to  
21      reduce the gap of that \$12.5 million. But in  
22      this year, even with the help of that  
23      additional resource, we were not able to --  
24      and they were not able to -- identify a way

1           to bridge the \$12.5 million gap.

2                     We are exploring opportunities in the  
3           outyears for reducing the amount of the  
4           12.5 million; even that is particularly  
5           challenging.

6                     But one of the things that we are  
7           moving forward with is the possibility of  
8           combining our 911 with the county 911. The  
9           county has already consolidated some other  
10          towns into that 911, which would result in  
11          some savings.

12                    We are also looking at revenue  
13          opportunities with respect to the ability of  
14          us to look at how we collect municipal solid  
15          waste and what revenue opportunities might  
16          exist. We do have a fee right now that may  
17          have to be expanded.

18                    And we also are looking at the impact  
19          of purchasing our street lights. Based on  
20          the study that we conducted with respect to  
21          savings, we could see an additional  
22          \$2 million in savings if we are able to  
23          purchase back our street lights in a way that  
24          is affordable.

1                   So we are looking at and have  
2                   identified, with that consultant, both  
3                   revenue opportunities and cost-savings  
4                   opportunities, but they were not able to  
5                   close the gap for 2017.

6                   And I also just want to be clear, you  
7                   know, we are requesting \$12.5 million not in  
8                   a spinup, but in an addition to 19A payments  
9                   to the city for the tax-exempt property that  
10                  is here.

11                  CHAIRWOMAN YOUNG: Thank you. And  
12                  just a couple more questions.

13                  So when you talk about revenues -- and  
14                  we have the presentation here, which is very  
15                  nice to look at, but it doesn't have very  
16                  many details in it. But for example, last  
17                  year and this year, when you talk about  
18                  revenues and shortfalls, are you talking --  
19                  when you're discussing this with us and  
20                  presenting information, are you including all  
21                  of the revenues that the city gets and that  
22                  information?

23                  So for example, do you have the  
24                  revenues from the water district and what you

1           make on that, or do you separate those out?

2                   MAYOR SHEEHAN:  So we have a separate  
3           water authority, and the City of Albany does  
4           not get the revenue from the water authority.  
5           We have an operating agreement with our water  
6           authority, and that does result in revenue  
7           for the city.  They pay us approximately a  
8           half-million dollars a year to provide their  
9           IT services, we do their personnel services,  
10          their payroll -- it wouldn't make any sense  
11          for them to create that separately, and so we  
12          are reimbursed for providing them with that  
13          service.

14                   But the revenues for the water  
15          department remain with the water department.  
16          They are a separate authority.  So that does  
17          not come directly to the City of Albany.  So  
18          yes, the budget that you see, that  
19          includes -- you know, we have to balance the  
20          budget, so it's all of our revenues and all  
21          of our expenditures.

22                   Other than property taxes, our next  
23          most significant source of revenue is the  
24          sales tax revenue, which, as I said, is

1           shared countywide. It's just a formula, and  
2           we project that revenue based on what the  
3           county is projecting to happen to sales tax  
4           revenue when they put together their budget.

5                     We also have been successful in  
6           getting some voluntary payments from the  
7           large not-for-profits in the City of Albany,  
8           about a million and a half dollars, but every  
9           little bit helps in this. We were successful  
10          in getting that revenue in 2015 and 2016, and  
11          we have commitments for 2017 as well.

12                    CHAIRWOMAN YOUNG: Thank you.

13                    CHAIRMAN FARRELL: Mr. Otis.

14                    ASSEMBLYMAN OTIS: Good afternoon,  
15          Mayor Sheehan.

16                    I just wanted to touch base with  
17          you -- and I've heard you testify on this  
18          topic in recent years -- what your current  
19          projection is for short-term or long-term  
20          water infrastructure repairs. I know it's a  
21          big burden; you had a water main break  
22          recently. But for that kind of forecasting,  
23          what can you share with us?

24                    MAYOR SHEEHAN: Well, one of the

1       benefits of the water authority being  
2       separate is that this is not a city that has  
3       raided water funds in order to fund  
4       operations, and so the revenue that is raised  
5       by the water authority stays with the water  
6       authority. And we have been successful in  
7       receiving grants.

8               We have been very successful with many  
9       of the state programs that have been  
10      supported by you and others, and that has  
11      helped with the investment that we are able  
12      to make. We've been able to double the  
13      amount of capital expenditures that we spend  
14      out of our operating budget every year in  
15      infrastructure.

16             We also have a number of projects that  
17      are going on -- because we're subject to a  
18      consent order with the DEC, and so we have a  
19      number of projects that we're required to  
20      undertake to reduce the amount of flow into  
21      the Hudson River. And while we can always  
22      use more, I think that this is an area where  
23      we've demonstrated some pretty significant  
24      strength and good sound fiscal management in

1           being able to invest in that infrastructure.  
2           That said, it's very old, and we're dealing  
3           with a sinkhole right now as we speak for a  
4           sewer line that was built in the 1800s.

5                       So it is a significant challenge, but  
6           it is one that I believe we're managing as  
7           best as we possibly can. And again, that's  
8           not the reason that we have this  
9           \$12.5 million shortfall, because those assets  
10          are managed separately.

11                   ASSEMBLYMAN OTIS: So your water  
12          authority handles drinking water, sanitary  
13          sewers, and stormwater?

14                   MAYOR SHEEHAN: That's correct.

15                   ASSEMBLYMAN OTIS: Okay. Thank you  
16          very much.

17                   MAYOR SHEEHAN: Thanks.

18                   CHAIRMAN FARRELL: Senator.

19                   CHAIRWOMAN YOUNG: Senator Marchione.

20                   SENATOR MARCHIONE: Thank you.

21                   Thank you, Mayor, for being here.

22                   You talked about your AIM funding  
23          being the lowest of some of the cities, but I  
24          didn't hear why. Why is your AIM so much



1           lower than the rest?

2                   MAYOR SHEEHAN: That is a question for  
3           the ages. It has been historic that the City  
4           of Albany's AIM funding has been low. The  
5           formula that is used to determine AIM funding  
6           is -- in other municipalities, there were  
7           increases that were done when there was  
8           fiscal stress in some of those cities, and so  
9           it has resulted in a lot of disparity.

10                   I think one of the challenges that we  
11           have in Albany is that like other upstate  
12           cities, we have the same issues with respect  
13           to poverty rates. We have a poverty rate of  
14           approximately 26 percent. We have huge  
15           challenges with graduation rates at our high  
16           school. We have the lowest home ownership  
17           rate as a percentage of the other upstate  
18           cities, at around 42 percent.

19                   So many of those indicia of challenges  
20           and stress that drove up AIM in other  
21           municipalities have impacted the City of  
22           Albany. And I think one of things that made  
23           it become as emergent as it is is that when  
24           we saw such a huge increase in pension

1 expenses and other expenses that occurred  
2 after the recession, we had been able to  
3 build up a bit of a Rainy Day Fund, but that  
4 was quickly depleted because of it.

5 And so in looking at the challenges  
6 that the city faces, again, you know, if we  
7 were at half of the AIM, of the average AIM  
8 for the other upstate cities, I wouldn't be  
9 here. But looking at where we are now in  
10 that -- actual dollars -- we have to raise  
11 more in property taxes in order to balance  
12 our budget than these other, much larger  
13 upstate cities, demonstrates that we've  
14 reached the end of what we could possibly  
15 expect our taxpayers to bear, and we need to  
16 find a way of finding additional aid for the  
17 city.

18 And I think one of the things that  
19 makes us unique is the fact that we are the  
20 capital city and have so much tax-exempt  
21 property.

22 SENATOR MARCHIONE: Have you asked  
23 your legislators to carry legislation that  
24 might make some changes relative to the way

1 the formula is?

2 MAYOR SHEEHAN: You know, we've  
3 discussed how to address this gap and what  
4 the best way is to address this gap, and I  
5 know that AIM funding is an incredibly  
6 difficult conversation for any of us to have.  
7 I certainly believe --

8 SENATOR MARCHIONE: It seems like it  
9 needs to be one --

10 MAYOR SHEEHAN: -- that AIM should be  
11 increased --

12 SENATOR MARCHIONE: -- it seems like  
13 it should be one that you need to have.

14 MAYOR SHEEHAN: Right.

15 But again, I think one of the things  
16 about the capital city that provides us with  
17 a unique opportunity to, you know, in the  
18 long run -- you know, my understanding is  
19 that the reason that the city got spinups in  
20 prior years to its 19A money was as a bridge  
21 to fix AIM.

22 And that started, as I understand it,  
23 I believe back in 2004. It was many, many  
24 years ago. And so it still has not been

1           fixed. And notwithstanding the willingness  
2           of our representatives to engage in that  
3           conversation, it creates challenges across  
4           the state.

5                     SENATOR MARCHIONE: It sounds to me,  
6           though, that you really need to have that  
7           discussion, because it doesn't seem  
8           appropriate that you would be at the bottom  
9           of the AIM.

10                    MAYOR SHEEHAN: As I've said, if we  
11           got the same AIM as Utica, I wouldn't have to  
12           come here and bother you every year.

13                    SENATOR MARCHIONE: Your population  
14           and Utica's population, how do they compare?

15                    MAYOR SHEEHAN: Utica's about 61,000.  
16           We're about 98,000.

17                    SENATOR MARCHIONE: And you're getting  
18           that much lower than they?

19                    MAYOR SHEEHAN: Yeah.

20                    SENATOR MARCHIONE: Okay. Also, do  
21           you know of any other cities that have as  
22           much tax-exempt property or close to  
23           tax-exempt property as Albany does?

24                    MAYOR SHEEHAN: We are at the top of

1       the large cities outside of New York City,  
2       and there are some cities that are -- some  
3       municipalities that are a little bit smaller  
4       that have, say, a prison or a large presence.

5               I think the thing, again, that's  
6       unique about Albany is that the  
7       infrastructure that we have here, the value  
8       that we have here of tax-exempt -- it's not a  
9       state park, it's not a prison that is sort of  
10      a unit unto itself. We have to plow the  
11      streets, we have to provide police, we  
12      respond when somebody dials for 911, you  
13      know, for a health -- so we have to provide a  
14      significant amount of services to all of  
15      these tax-exempt entities that are here in  
16      the city.

17              SENATOR MARCHIONE: How many  
18      employees, Mayor, do you have in the city?

19              MAYOR SHEEHAN: We have  
20      approximately -- just under 1,200 FTEs.

21              SENATOR MARCHIONE: Wow, that's a lot  
22      of people.

23              MAYOR SHEEHAN: That includes the  
24      water department, though. So that's where

1       our -- you know, our operating agreement with  
2       the water department comes into play, because  
3       again, for efficiency purposes, we -- so that  
4       they don't have to deal with hiring, we  
5       provide that, and then they just reimburse us  
6       for the expenses of those employees.

7                SENATOR MARCHIONE: And are you  
8       self-insured for health insurance for all  
9       those employees?

10              MAYOR SHEEHAN: We are to an extent  
11       self-insured, but we also have CDPHP and some  
12       other insurance companies as well for our  
13       employees.

14              For our Blue Cross, we're  
15       self-insured. For the overwhelming majority  
16       of our employees, our union employees, we're  
17       self-insured.

18              SENATOR MARCHIONE: Have you had to  
19       experience any layoffs in the last three or  
20       four years?

21              MAYOR SHEEHAN: We have sought to  
22       reduce our workforce through attrition, and  
23       we've been able to, through  
24       reorganizations -- when we make changes with

1       respect to the organizational structure, the  
2       mantra is that the total dollar, the total  
3       spend has to be lower with every  
4       reorganization.

5               So we've shifted people around, we've  
6       been able to create some new positions to  
7       give us the ability to be more efficient and  
8       effective, but that has always resulted in an  
9       overall reduction in our personnel spending.

10              SENATOR MARCHIONE: And when you talk  
11       about you have a lot of sales tax in the city  
12       but you have to share it with the county, I'm  
13       sure you recognize that as a city you could  
14       actually collect it yourself.

15              MAYOR SHEEHAN: Well, except that  
16       because our property taxes are so high, the  
17       major retailers are located just outside the  
18       city. So Colonie Center, Guilderland, you  
19       know -- I'm not complaining about the  
20       sharing, it's just -- it's important to  
21       recognize that.

22              And I think it's -- you know, from the  
23       standpoint of a dollar spent anywhere in the  
24       county benefiting the whole county is overall

1           a positive result with respect to encouraging  
2           cooperation and collaboration.

3                   SENATOR MARCHIONE:  So actually you  
4           wouldn't collect as much --

5                   MAYOR SHEEHAN:  We've never looked at  
6           the numbers.  Some of the car dealerships are  
7           here, some of them are just across the city  
8           line.

9                   SENATOR MARCHIONE:  Thanks very much,  
10          Mayor.

11                   MAYOR SHEEHAN:  Thank you.

12                   CHAIRMAN FARRELL:  Thank you.

13                   Mr. McDonald.

14                   ASSEMBLYMAN McDONALD:  Thank you.

15                   Thanks for being here, Mayor, and  
16          thank you for continuing to tell the  
17          challenges with the capital city.

18                   And as much as AIM aid is a -- to me,  
19          it's a symptom of the disease.  I do agree  
20          that looking at the 19A, which kind of gets  
21          away from the "what about me" syndrome they  
22          made -- that's part of the problem, is that  
23          if you do one then you have to do the other,  
24          and that's part of the challenge here.



1                   Meanwhile, by the same token, 19A is  
2                   19A. It's public land. And if it becomes  
3                   developed, if I remember correctly -- you've  
4                   talked about, in the past, about reducing  
5                   that number, if I remember correctly.

6                   MAYOR SHEEHAN: That's right. There  
7                   was a proposal at one point in time,  
8                   particularly with respect to the Harriman  
9                   Campus, that would have resulted in a PILOT  
10                  payment for the Harriman Campus that would be  
11                  reduced to the extent that it was offset by  
12                  tax revenue from privatization of any of that  
13                  property.

14                 ASSEMBLYMAN McDONALD: And the  
15                 Harriman Campus today is still -- as much as  
16                 it's had some fits and starts, we haven't  
17                 gotten anywhere with it.

18                 MAYOR SHEEHAN: Right. You know, I  
19                 think when I first started coming here --  
20                 this is my fourth time here -- and we were  
21                 optimistic about private development at the  
22                 Harriman Campus, the former Convention Center  
23                 site, and none of those have seen  
24                 development. There was an RFP that was put

1 out for the Harriman Campus, and it received  
2 no bids, and the former Convention Center  
3 site still remains undeveloped.

4 So our ability to expand our tax  
5 base -- while we have expanded our tax base  
6 over the last three years, and we've seen  
7 growth, it has not been enough to offset the  
8 challenge that we face.

9 ASSEMBLYMAN McDONALD: You were one of  
10 the first to -- and I think it was almost at  
11 the beginning of your term -- jump right into  
12 the fray with the FRB. And I think the state  
13 did provide you -- was it \$5 million?

14 MAYOR SHEEHAN: That's right.

15 ASSEMBLYMAN McDONALD: A one-time --  
16 one-time \$5 million which allowed you to  
17 carry out some of the items that you talked  
18 about today.

19 And I think I've forgotten, although  
20 we talk almost daily -- the streetlights,  
21 which in the outyears could provide some  
22 savings with the conversion. Do we know what  
23 the cost would be to actually take over the  
24 streetlights, to be in that position to save?

1           MAYOR SHEEHAN: So we're in the  
2           process right now of asking National Grid --  
3           they have to give us basically an asking  
4           price.

5           And we are, right alongside that,  
6           going to be working to ensure that we have a  
7           GIS of every streetlight and know the  
8           condition of it so that we're doing our due  
9           diligence before we buy them.

10          ASSEMBLYMAN McDONALD: My  
11          recollection, and it's been a while since  
12          I've looked at streetlight inventory, is the  
13          strain of the investment cost is not  
14          insignificant.

15          MAYOR SHEEHAN: It's very significant.  
16          And so again, looking at opportunities for  
17          assistance with funding that -- but even with  
18          looking at the different options that are  
19          available, we believe that we would still  
20          have operating savings. And it is far better  
21          than either a do-nothing scenario or even  
22          a -- working with National Grid to have them  
23          change over all the streetlights to LED.

24          ASSEMBLYMAN McDONALD: Thank you.

1                   MAYOR SHEEHAN: Thanks.

2                   CHAIRMAN FARRELL: Senator.

3                   CHAIRWOMAN YOUNG: Senator Krueger.

4                   SENATOR KRUEGER: Hi, Mayor.

5                   So last year when you were making your  
6                   plea for additional money and using the  
7                   example of AIM funding, I pointed out  
8                   somebody must really not like you. I'll just  
9                   point out, the one who they dislike more is  
10                  New York City, because New York City hasn't  
11                  seen AIM now in five, six, seven years.

12                  Your examples -- 60 percent of your  
13                  property is tax-exempt because the State of  
14                  New York is using it. You're at the highest  
15                  rate of crisis with your educational funding  
16                  because property tax pays for schools, but  
17                  you can't tax most of the property in your  
18                  city. And you can't push it farther for the  
19                  people who are taxpayers for two reasons:  
20                  One, we cap you; and two, as you've already  
21                  pointed out, they'll all pick up and move out  
22                  of Albany.

23                  You know, if I were you, I'd be  
24                  screaming. I wouldn't be smiling and being

1           very polite, I'd be saying, like, "You people  
2           are killing the City of Albany." And the  
3           concept that Albany still denies that we are  
4           starving particularly our upstate cities, and  
5           the revenue-sharing formulas are  
6           ridiculous -- Kathy Marchione pointed out  
7           somebody ought to do something about that.

8                     Yes, we should have a formula that's  
9           based on population for AIM calculations.  
10          That doesn't seem like brain surgery. I  
11          could probably do a spreadsheet pretty easily  
12          for towns and villages and counties. And I  
13          really think that everybody needs to get  
14          louder in their demands on Albany, that we do  
15          a reasonable and fair distribution of AIM.

16                    But I have a question. In the  
17          Governor's proposal, if you don't somehow do  
18          some kind of coordination with the county and  
19          move it through to consolidate and get a vote  
20          of the public, you're not even getting that  
21          AIM. What's your plan for the consolidation  
22          proposal?

23                    MAYOR SHEEHAN: We will find a  
24          consolidation proposal and we will put it

1           before the voters. But we do have  
2           opportunity in the City and County of Albany.  
3           And as I said, we're actually already down a  
4           path. So, you know, I know a lot of my  
5           fellow mayors have already done a tremendous  
6           amount of consolidation. And so the number  
7           of opportunities that exist remains small.

8                     In the City of Albany, in the County  
9           of Albany, both myself and the county  
10          executive have a great working relationship.  
11          That wasn't always the case in the past. And  
12          so we've been able to identify a number of  
13          cost-saving opportunities and are working --  
14          actually, as we speak, our staffs are working  
15          on a consolidation proposal to move forward.

16                    So, you know, I think that that is an  
17          area where -- you know, we remain ready,  
18          willing, and able. I would have loved  
19          nothing more than for the FRB, and then for  
20          the second set of consultants, to come in and  
21          hit me upside the head and say "Why don't you  
22          just do this, and you can save all this money  
23          or raise all this revenue." That has not  
24          occurred.

1           Our numbers have been scrubbed, we've  
2           opened our books, we've done anything and  
3           everything to determine ways for us to bridge  
4           this gap and to reduce this gap. It exists  
5           for a reason. And I think if you look at the  
6           history, and the lack of AIM -- I know there  
7           was a report that was written in 2010 called  
8           "Capital Punishment" that really outlined  
9           how, as the state capital, it does, to our  
10          residents, sometimes feel as though we're  
11          being punished for being the state capital  
12          because of the way this formula works.

13                 So it's very challenging. My hair is  
14          red, but I have considered setting it on fire  
15          to demonstrate the urgency. And, you know, I  
16          think that the numbers are so compelling.  
17          And I don't want my smile to in any way  
18          detract from the fact that we are in a  
19          crisis. We are in a complete crisis.

20                 And this gap is a gap that we should  
21          be able to fill. We're not asking for more  
22          than any of the other upstate cities that  
23          have similar challenges that we have, with  
24          vacancies and poverty and challenges with our

1 schools. All we're asking for is not even  
2 parity -- again, as I'm saying, give us half,  
3 and we can do a lot with it. Because we've  
4 demonstrated that we can be effective and  
5 efficient and that we are very good stewards  
6 of taxpayer money.

7 SENATOR KRUEGER: And there are some  
8 cities around the country that have actually  
9 started to charge nontaxable properties for  
10 the city services -- police, fire, garbage  
11 collection.

12 Obviously that wouldn't be a very  
13 popular thing for me to propose as the state.  
14 But since we're here and we're not talking to  
15 the public, have you explored that option for  
16 yourselves?

17 MAYOR SHEEHAN: So we have looked at a  
18 number of models. And, you know, it's  
19 incredibly challenging. Right? The  
20 not-for-profits here are providing -- so the  
21 state, we can't do anything to. You're the  
22 state. So you can't tax or fee up.

23 So then that means we've got to look  
24 at who we could provide or ask for fee



1 revenue from, and you're talking about our  
2 healthcare institutions. You're talking  
3 about hospitals that would then be coming to  
4 the state and saying, Wait a minute, our  
5 Medicare and Medicaid reimbursements are now  
6 going to have to cover these additional fees.

7           You know, we're part of a broader  
8 system, and so when we -- if you look at  
9 UAlbany, for example, and SUNY Poly, we know  
10 there's a huge affordability issue with  
11 respect to higher education. And so while it  
12 may be easy to sit back and say, Well, let's  
13 just put a fee on every student who comes  
14 here, we know that that can really impact a  
15 person's ability to be able to attend college  
16 and get a degree.

17           So again, I think that it's -- nothing  
18 is off the table, but as we reviewed revenue  
19 opportunities with consultants from the state  
20 and with the FRB, it was decided not to go  
21 down that path.

22           SENATOR KRUEGER: Thank you.

23           CHAIRMAN FARRELL: Thank you.

24           Further questions? Thank you very

1 much.

2 MAYOR SHEEHAN: Thank you.

3 CHAIRWOMAN YOUNG: Thank you.

4 MAYOR SHEEHAN: Thank you very much.

5 CHAIRMAN FARRELL: We've been joined  
6 by Shelley Mayer.

7 Next, the Honorable Lovely Warren,  
8 mayor of the City of Rochester. 1:30.

9 MAYOR WARREN: Good afternoon, sir.

10 CHAIRMAN FARRELL: Good afternoon.

11 MAYOR WARREN: I am joined here with  
12 my budget director, Chris Wagner.

13 Good afternoon again, Chairman  
14 Farrell, Chairwoman Young, members of the  
15 Assembly Ways and Means and Finance  
16 Committees, members of the Senate and  
17 Assembly. Thank you for the opportunity to  
18 address this panel on behalf of the residents  
19 of the City of Rochester.

20 This is my fourth time appearing  
21 before this committee, and like always, I  
22 will spare you a long testimony and get right  
23 to the point.

24 As mayor, my goals are simple -- to

1 provide each of our citizens access to jobs,  
2 safe and vibrant neighborhoods, and quality  
3 educational opportunities. While Rochester  
4 faces significant challenges, I am proud of  
5 the progress we've made over the past three  
6 years. We are a city built on the premise  
7 that if you are willing to work hard, you can  
8 rise above your circumstances and be  
9 successful in all areas of life.

10 And to this, we have certainly had  
11 some great success, and much of that success  
12 has been accomplished with the partnership  
13 with the State Legislature and  
14 Governor Cuomo.

15 Most recently, we have been able to  
16 move forward with our job creating and  
17 nationally recognized Inner Loop  
18 Redevelopment Project, in which we have  
19 provided the gap funding that we needed to  
20 complete this project. We also had great  
21 success moving ahead with something very near  
22 and dear to my heart, my 3-to-3 Initiative to  
23 get 3- and 4-year-olds enrolled in quality  
24 pre-K programs. It currently stands at over

1       90 percent of eligible kids enrolled, and  
2       that fantastic accomplishment would not have  
3       been possible without state assistance.

4               Your support has allowed us to  
5       transform programming at our recreation  
6       centers and libraries to be more than just  
7       about play or checking out books. We provide  
8       quality STEM and STEAM programs at our  
9       libraries and recreation centers year round,  
10      and other learning programs over the summer  
11      to prevent the learning loss that often  
12      occurs during recess.

13             As we continue to move forward with  
14      the Rochester/Monroe County Anti-Poverty  
15      Initiative, our undoubted success would never  
16      have happened without the leadership and  
17      strong partnership with Albany. Whether it's  
18      additional investment in quality housing, or  
19      needed repairs or infrastructure like roads  
20      and bridges, Albany's ongoing partnership has  
21      been the key to our success and I'm grateful  
22      for your support through our Restore NY and  
23      other similar programs.

24             As I have pushed to reorganize the

1       Rochester Police Department, to bring it back  
2       to a more community-based police model, your  
3       assistance has helped us to implement the  
4       important body-worn camera program, which  
5       continues to go exceedingly well and will be  
6       fully operational department-wide within a  
7       few more months.

8               As I have mentioned, your assistance  
9       in investment in job-creating programs has  
10      been significant and important, and nowhere  
11      has that been more evident than in our  
12      ongoing Photonics Initiative.

13             Senators, Assemblymembers, clearly our  
14      past and ongoing partnership has been the key  
15      to our success, and these in so many other  
16      areas of the city government. And that is  
17      why I am asking the state this year to  
18      continue your investment in Rochester and to  
19      provide us with \$30.9 million in education  
20      funding to fill the gap between the AIM aid  
21      we receive and the state-mandated amount we  
22      pay to our school district.

23             The state mandate requires Rochester  
24      to provide \$119.1 million to our school

1 district, but we only receive \$88.2 million  
2 in AIM aid. This \$30.9 million shortfall  
3 places Rochester at a significant  
4 disadvantage. Unlike our sister upstate  
5 cities, Rochester must allocate more funding  
6 to our school district than we receive from  
7 the state in AIM aid. AIM aid from the state  
8 exceeds the school funding mandate of our  
9 neighbors to the east and west.

10 While ensuring all of our city's  
11 children receive a quality education is a top  
12 priority, this disparity forces us to  
13 consider cuts to other critical services to  
14 balance our budget. You can correct this  
15 inequity simply by providing us with  
16 municipal education funding in the amount of  
17 \$30.9 million to supplement our AIM aid and  
18 make up the difference that we are required  
19 to give our schools.

20 Without this amount, Rochester will  
21 give 68 percent of our tax levy to the school  
22 district and have only 32 percent remaining  
23 for critical city services.

24 We will certainly continue to manage

1       the city's finances as prudently as possible.  
2       While we have a strong credit rating, we have  
3       significant needs. By funding this mandate,  
4       the state will free up city tax levy dollars  
5       for improving life outside of the classroom  
6       including investing in public safety,  
7       libraries, recreation centers, job training  
8       programs, youth intervention services and  
9       many more programs and services that some of  
10      our poorest residents rely on to gain access  
11      to jobs and better opportunities.

12             Another important matter that I can  
13      call on you to assist Rochester and other  
14      municipalities in is the utility gross  
15      receipts tax, the GRT. Rochester has seen a  
16      56 percent decline in its annual revenue from  
17      over \$11 million to \$5 million because energy  
18      service companies, ESCOs, are not paying what  
19      the city is owed from their gross receipts  
20      taxes. Gas and electric are commodities and  
21      should be subject to the GRT tax.

22             Even though the New York State  
23      Department of Taxation and Finance agrees  
24      that such revenues are subject to the tax,

1       many ESCOs refuse to pay it. The state can  
2       fix this situation once and for all by  
3       enacting legislation to clarify that ESCO  
4       revenues associated with the sale of gas and  
5       electric commodities fall within the scope of  
6       the GRT.

7               In addition, I ask that you include  
8       cellular or wireless services within the  
9       scope of this tax. The use of wireless  
10      communications has exploded. Many, many  
11      households no longer have landline  
12      telephones. To reflect modern-day realities,  
13      the revenue from wireless telephone service  
14      should no longer be exempt from this tax  
15      outside of New York City.

16             Both New York State, in its excise  
17      tax, and New York City, in its gross receipts  
18      tax, have changed their respective statutes  
19      to deem cellular services as taxable. I am  
20      here today asking the state to give other  
21      New York municipalities the opportunity to  
22      benefit from this much-needed revenue stream.

23             With regard to the AIM aid, let me say  
24      how much we appreciate the Governor's and



1           your continued support in our maintaining AIM  
2           aid in the Executive Budget.

3                   Thank you for listening to this  
4           testimony, and I look forward to answering  
5           the questions that you may have.

6                   CHAIRMAN FARRELL: Thank you.

7                   Questions?

8                   ASSEMBLYMAN GANTT: Denny, I have  
9           questions.

10                  CHAIRMAN FARRELL: Yes.

11                  ASSEMBLYMAN GANTT: Will you explain  
12           to us how it is that in the maintenance of  
13           effort you're \$30 million -- \$31 million  
14           down?

15                  ASSEMBLYMAN OAKS: They can't hear  
16           you.

17                  CHAIRWOMAN YOUNG: Your mic isn't on.

18                  ASSEMBLYMAN GANTT: Can you explain to  
19           us how you are \$30 million down while -- and  
20           this is not an effort to try and attack  
21           anybody else, it's simply -- would you  
22           explain how this happened to Rochester versus  
23           other cities?

24                  MAYOR WARREN: When the maintenance of

1       effort was passed in 2010, what it did was  
2       lock in that moment of time.

3               At that point in time, the City of  
4       Rochester was providing \$119.1 million to its  
5       school district, and the maintenance of  
6       effort said that you cannot give one dollar  
7       less than what you were giving at that point  
8       in time. So for us, we have to provide that  
9       \$119.1 million year after year to our school  
10      district, while only receiving about  
11      \$88.9 million in AIM aid.

12             For our sister cities, those cities  
13      are receiving more AIM aid than they are  
14      contributing to their school district. And  
15      so for us, we have to provide \$30.9 million  
16      more than we receive in AIM aid to our school  
17      district, which cuts into the essential  
18      services that we're able to provide to our  
19      residents.

20             ASSEMBLYMAN GANTT: Can you explain  
21      why that happened?

22             MAYOR WARREN: I was not the mayor at  
23      the time, but I did work for you.

24             (Laughter.)

1           MAYOR WARREN: So I think that what  
2           happened was that at the time, the State  
3           Legislature did not want to reduce funding to  
4           education, and they wanted the cities to  
5           continue to provide the same amount to the  
6           school districts that they were providing in  
7           that year instead of -- when times got tough,  
8           the first thing that people might have  
9           decided to do was cut the aid to schools.

10           For us, that locked us in at that  
11           amount of \$119.1 million, and we have been in  
12           compliance with the MOE since it has been  
13           instituted. However, as I said before, it  
14           cuts into our ability to provide for  
15           essential services, because actually it's  
16           taking 68 percent of the amount that we  
17           charge for taxes, and that automatically goes  
18           to our school district, not allowing us to  
19           utilize those dollars for our police  
20           department, our fire department, or our other  
21           essential services.

22           ASSEMBLYMAN GANTT: Mr. Chairman and  
23           Madam Chairman, a lot of us are not quite old  
24           enough to understand what went on probably

1 prior to her getting there. But I happen to  
2 know that there was a deal made between the  
3 county and the city that, in order to not  
4 have a -- we talked about a county or city  
5 tax on boys who worked in the city at the  
6 time.

7 Rather than have that, Lucien Morin  
8 and Tom Ryan agreed that we would get more of  
9 the county tax dollars, and therefore our  
10 concern about education would be on the top  
11 of the list. So we provided more money for  
12 them than is provided from these other areas,  
13 I can guarantee you, as you can see from the  
14 pamphlet here.

15 The problem we have, though, is when  
16 this maintenance of effort came forward, none  
17 of us realized what was coming until the  
18 night that it happened, and I think that's  
19 how we got hung up in this.

20 Somehow I think the state has to try  
21 and help this city out. I mean, it's a city  
22 that obviously I represent, but it's also  
23 somebody who's concerned about what happens  
24 to those kids who go to school there. No one

1 is trying to say that we ought not give the  
2 schools that, because that's what we were  
3 doing when we got caught in what I considered  
4 a trick.

5 But now that we understand and know  
6 what's happening, I think what must happen is  
7 somehow we -- either more AIM aid or, if  
8 that's not the case, necessarily, at least  
9 understand the amount of money that's being  
10 paid by the city.

11 And I would hope that I could talk my  
12 colleagues into putting forth that which is  
13 fair. Not to take away from anybody else.  
14 But when you look at Buffalo, for instance,  
15 there's \$161 million; the MOE is only  
16 \$70 million. A \$119 million from us, with  
17 AIM aid at 88, it's just not fair. And we  
18 need to do something about it, find a  
19 solution to it.

20 So I thank you for your patience. And  
21 thank you, Mayor, for coming.

22 MAYOR WARREN: Thank you.

23 CHAIRWOMAN YOUNG: Thank you,  
24 Assemblyman.

1                   Okay, Senator Marchione.

2                   SENATOR MARCHIONE: Mayor, thank you  
3                   for being here. Just a few questions.

4                   You say that your city was asked to  
5                   offset the cost of schools in your area --  
6                   110 million, I think you said. Was every  
7                   city in New York at that time asked to give  
8                   money to their schools? I wasn't here at  
9                   that time myself, okay.

10                  MAYOR WARREN: So every city in  
11                  New York State at the time was locked into an  
12                  amount that they were currently giving their  
13                  school district. Nothing forbid any city  
14                  from giving more. But what it said was, when  
15                  this legislation passed in 2010, that what  
16                  you are contributing to your school district,  
17                  no matter every dependent -- well,  
18                  non-dependent, so that means the larger  
19                  cities, Buffalo, Syracuse, Rochester, Albany,  
20                  and I believe Yonkers -- what you're  
21                  contributing to your school at that moment in  
22                  time, you have to continue to contribute in  
23                  perpetuity. So until the Legislature decides  
24                  that you don't have to do that.

1           At that point in time, we were giving  
2           our school district \$119.1 million.  
3           Rochester has always been very generous with  
4           the amount of money that it was giving the  
5           school district. And therefore at that point  
6           in time, our sister cities were giving, I  
7           believe, like 80 -- I think it's -- Buffalo  
8           was giving \$50 million, and then Syracuse was  
9           giving \$64 million at that point in time. So  
10          we got locked in at this \$119.1 million.

11           SENATOR MARCHIONE: So before 2010 --  
12          I'm just trying to understand -- cities were  
13          giving to their schools, it was an ongoing  
14          process, you'd give it to your schools --

15           MAYOR WARREN: Yes.

16           SENATOR MARCHIONE: -- always?

17           MAYOR WARREN: The amount that we  
18          determined.

19           SENATOR MARCHIONE: The amount that  
20          you determined. So beyond --

21           MAYOR WARREN: Yeah, the amount that  
22          we determined, we were giving to our --

23           SENATOR MARCHIONE: So beyond giving  
24          the school aid in the taxes that you raised

1 in the city, the schools do, you also  
2 contributed to the schools?

3 MAYOR WARREN: Yes.

4 SENATOR MARCHIONE: Okay.

5 You talk about you having to cut  
6 services. Have you had to cut employees, and  
7 how many do you have?

8 MAYOR WARREN: Well, a number of years  
9 ago we consolidated our neighborhood and  
10 business development. Well, we consolidated  
11 our neighborhood development and our  
12 community development into neighborhood and  
13 business development, which was a significant  
14 reduction in staff. That was about five  
15 years ago? About six years ago. And we  
16 continued to reduce that through attrition,  
17 our people retiring and things like that.

18 But we're at a point where we are, you  
19 know, sort of at our bare minimum to be able  
20 to provide the services that we need to  
21 provide to our constituents. You know, when  
22 people call 911, they expect for a police  
23 officer or a firefighter or, you know,  
24 someone to come to their aid.



1                   Right now, as you all know, cities are  
2                   being asked to give a lot more or to do a lot  
3                   more with a lot less, and we just don't have  
4                   the finances to continue to provide the  
5                   essential services to our residents. We  
6                   provide recreational services, libraries, we  
7                   also have other employment programs that we  
8                   try to help because we recognize that  
9                   Rochester is in a situation where we have a  
10                  significant amount of poverty and our  
11                  residents need the support and the help, and  
12                  we want to be able to provide that. But we  
13                  have to be able to get the support from the  
14                  state in order to do that.

15                 SENATOR MARCHIONE: You talked about  
16                 your utilities and your gross receipts, and  
17                 the utility companies aren't escrowing money  
18                 that they owe you. How can that be?

19                 MAYOR WARREN: So I'm going to let my  
20                 budget director explain this, because he can  
21                 explain it a lot better than I can.

22                 SENATOR MARCHIONE: Thank you.

23                 BUDGET DIRECTOR WAGNER: Good  
24                 afternoon.

1                   SENATOR MARCHIONE: Good afternoon.

2                   BUDGET DIRECTOR WAGNER: So back about  
3                   five, six years ago, the city was getting a  
4                   little over \$11 million a year in annual  
5                   revenue from a utility gross receipts tax.  
6                   So Rochester is authorized to tax 3 percent  
7                   of gross receipts for utilities for  
8                   transactions within the City of Rochester.

9                   So with deregulation and the rise of  
10                  energy service companies, the energy service  
11                  companies -- the way the statute is written,  
12                  it says that the transaction has to occur  
13                  wholly within the jurisdictional limits of  
14                  the city. And they argue that because  
15                  they're buying the commodity off the grid,  
16                  that the transaction doesn't occur wholly  
17                  within the city limits, therefore the tax  
18                  shouldn't apply. So we've gone and seen, you  
19                  know, \$11 million a year shrink down to  
20                  \$5 million a year.

21                  And as technologies change and we've  
22                  gone from landlines to cellphone services,  
23                  we've lost that revenue as well. So we don't  
24                  get any tax on cell companies. And as the

1       mayor mentioned, you know, New York City  
2       does, and the state captures that through the  
3       excise tax.

4               SENATOR MARCHIONE: Are you in court  
5       over this?

6               MAYOR WARREN: I'm sorry?

7               SENATOR MARCHIONE: Are you in court  
8       over this?

9               MAYOR WARREN: No, we are not in  
10       court. This is something that -- I know that  
11       the Taxation and Finance Department released  
12       an opinion on it, and they said that they  
13       should pay for it. But we are asking the  
14       Legislature to do something legislatively to  
15       ensure that the city -- and this is not just  
16       the City of Rochester, it's all the cities in  
17       upstate New York have this issue.

18               SENATOR MARCHIONE: Thank you.

19               ASSEMBLYMAN OAKS: Assemblyman Otis.

20               ASSEMBLYMAN OTIS: Thank you,  
21       Mayor Warren. Nice to see you.

22               Just a question about water  
23       infrastructure. Do you have any sense -- and  
24       if you don't have numbers with you today,

1           after the hearing is fine. Your short-term  
2           and long-term water infrastructure costs that  
3           you anticipate the city will have to incur,  
4           where does that fit in terms of your  
5           capital-projects burden going forward?

6                   BUDGET DIRECTOR WAGNER: So the city  
7           has a five-year capital program, and our  
8           water department actually has a much longer  
9           25-year capital program.

10                   So, you know, we -- I don't have exact  
11           numbers here, but our cash capital allocation  
12           is generally in the \$4 million to \$5 million  
13           a year, and then we issue a fair amount of  
14           debt as well for water infrastructure.

15                   One of the things that's coming up,  
16           about five or six years out, is LT2  
17           compliance requirements. So we're going to  
18           have to make investments in our reservoir,  
19           and that will be a significant investment.  
20           So I can get you exact numbers, but we've got  
21           a significant nut to crack there.

22                   ASSEMBLYMAN OTIS: That's great. You  
23           know, after you go home to Rochester, if you  
24           could get us some just sort of real numbers

1           or types of projects that you have to do,  
2           that would be great. Thank you.

3                   MAYOR WARREN: We definitely will,  
4           Assemblyman. Thank you.

5                   ASSEMBLYMAN OAKS: Hi, Mayor.

6                   Just one question. In your handout  
7           you laid out a number of things that you are  
8           doing, have put together along with  
9           Monroe County on shared services or  
10          consolidating different things. But along  
11          with that, you raise a concern about the  
12          Governor's proposal this year that would  
13          tie further type of things. Do you think  
14          that you've already gone as far as you can  
15          go? Or just the fact, the way the Governor  
16          has put that together, that would make it  
17          very difficult for you to fit within that?

18                   MAYOR WARREN: I think that we have,  
19          as the City of Rochester and the County of  
20          Monroe, have gone as far as we can go with  
21          big-ticket items and there would not be a  
22          significant amount of savings with the  
23          smaller-ticket items.

24                   We went through the first process a

1       number of years ago, about three years, where  
2       they evaluated the City of Rochester finances  
3       and looked at ways in which we could  
4       consolidate. And what they determined is  
5       that the big-ticket items we have already  
6       consolidated with the County of Monroe. When  
7       we look at our parks, when we look at 911,  
8       our library system, our water infrastructure,  
9       we have already made those consolidations.  
10      So it wouldn't be a significant savings for  
11      us to do any more consolidation with the  
12      county.

13                ASSEMBLYMAN OAKS: Thank you.

14                CHAIRWOMAN YOUNG: Thank you, Mayor,  
15      for joining us today. We appreciate it, and  
16      safe travels back to Rochester.

17                MAYOR WARREN: Thank you, Senator.

18                CHAIRWOMAN YOUNG: Our next speaker is  
19      the Honorable Mike Spano, mayor of the City  
20      of Yonkers.

21                Welcome, Mayor.

22                MAYOR SPANO: Chairwoman, Senator, how  
23      are you?

24                CHAIRWOMAN YOUNG: Very well.

1                   MAYOR SPANO: Our budget director,  
2                   Andrew Lenney, and our finance commissioner,  
3                   John Liszewski.

4                   And what I'm going to try to do is  
5                   spare you the read that you all can do.

6                   CHAIRWOMAN YOUNG: Thank you. We  
7                   appreciate it.

8                   MAYOR SPANO: I'm giving you our  
9                   testimony, and I'm just going to basically  
10                  speak about the issues.

11                  So let me just say good afternoon,  
12                  Chairwoman Young -- I know that the chairman  
13                  will be back, Assemblyman Farrell -- members  
14                  of the Senate and Assembly, particularly my  
15                  friends and former colleagues that are here  
16                  today. Good to see you, Assemblyman Gantt.  
17                  And my Assemblywoman, Shelley Mayer here,  
18                  and -- to talk about the issues.

19                  Basically, this is what it boils down  
20                  to, three major issues at least for us and I  
21                  think for most of the other cities:  
22                  education aid, capital projects in terms of  
23                  rebuilding schools and rebuilding our  
24                  infrastructure, and of course the perennial

1 conversation we usually have, which is about  
2 AIM aid.

3 I applaud the Governor and his efforts  
4 to look for an avenue from which to provide  
5 free tuition for the young people of our  
6 state, and that's a very good direction to  
7 head in. But as the mayor of a city, we need  
8 a little more help in bridging the gap,  
9 bridging the gap between education.

10 In Yonkers some of our students, once  
11 they move off to college, are double- and  
12 triple-remediated. So they're not  
13 college-ready yet, and we need to do more in  
14 terms of providing for college readiness for  
15 the people in our community, especially in  
16 the two big areas. The big areas for us are  
17 obviously students with disabilities and  
18 English proficiency.

19 Poverty continues to be a major reason  
20 why young people are not performing the way  
21 they should be in our schools, and that is  
22 certainly punctuated in our big cities all  
23 across New York State. Yonkers is not exempt  
24 from that.



1                   We'd like to have enough dollars so  
2                   that we can provide all the things that  
3                   frankly the kids in our suburbs are getting.  
4                   In other words, the suburbs to our cities.  
5                   You know, if you're in Yonkers, New York, and  
6                   we're graduating close to 80 percent of our  
7                   kids, that's very good in terms of the Big  
8                   Five, but when you're saddled next to  
9                   Scarsdale and Hastings and Pelham, you know,  
10                  they're graduating 99 percent.

11                  Our kids suffer from perennial budgets  
12                  that show shortfalls and don't allow for us  
13                  to have a full music program, a full arts  
14                  program, a full intramural and full sports  
15                  program. These are very important components  
16                  to a young person's education that allows  
17                  them -- gives them the tools they need for  
18                  them to succeed.

19                  You know, librarians are 2,500 to 1 in  
20                  Yonkers, guidance counselors are 700 to 1.  
21                  Pupil support services have taken a big hit.  
22                  School psychiatrists are now 1,000 to 1, and  
23                  the social worker ratio is 2,000 to 1. So  
24                  these are just some of the issues that we

1           continue to deal with as a big city in  
2           New York. But, you know, despite that, we've  
3           been able to get some great things done.

4                     The Governor's \$1 billion increase in  
5           overall aid to education is a great start.  
6           We appreciate that. It doesn't -- in terms  
7           of formula, it doesn't do a lot for Yonkers,  
8           about \$5 million. And again, that formula  
9           continues to hurt our city, because we look  
10          like a wealthy Westchester community but in  
11          fact we are a city just like basically the  
12          other four.

13                    So we have some issues that we'd like  
14          to revisit, and you know that -- you've heard  
15          about the formula over and over again, so I'm  
16          not going to bore you. But again, it would  
17          be certainly helpful for us if we can really  
18          figure out a way to get additional dollars to  
19          the city.

20                    In capital needs, all of our schools  
21          are in need of repair. Right now, Yonkers  
22          schools have a capital need of over a half a  
23          billion dollars just to bring ourselves up to  
24          state standards. We have 4,500 students --

1           we are over capacity by 4,500 students. We  
2           need to build three new schools immediately.

3                     And last year we came to you in an  
4           effort to get you to pass a Rebuild Our  
5           Schools program. You've been very helpful in  
6           putting together the structure that will  
7           allow us to do that, but we will continue to  
8           ask for additional capital support to offset  
9           the local share which frankly is going to be  
10          very difficult to the taxpayers of Yonkers to  
11          afford.

12                    We're very close to our constitutional  
13          taxing limit, so even if we can get the  
14          political will to raise those dollars, you  
15          hit the cap and so you can't exceed those  
16          numbers which would allow us to rebuild our  
17          schools. And again, our kids continue to be  
18          educated in standards that we'd like to  
19          change.

20                    We have to rebuild a firehouse this  
21          year. Our firehouse was condemned, the main  
22          firehouse, but that is for sure all across  
23          the board with all the cities. Firehouses,  
24          you know, police precincts, highways,

1       bridges, our parks -- again, it's the city  
2       and the city's taxpayers that have been  
3       squeezed to the point where trying to find  
4       the funding that's needed to provide for  
5       safety, quality of life, and community at the  
6       same time, to provide for the rebuilding of  
7       the infrastructure needs, has been very  
8       difficult for us. And any type of support  
9       that New York State can put into their  
10      capital budget in terms of schools and  
11      capital needs for the municipal side would be  
12      very appreciated for us.

13             AIM aid, you've heard it from  
14      everybody. Our maintenance of effort, as you  
15      know, is 257, and the AIM aid is 108. So  
16      we're on the flip side of what everyone's  
17      been talking about. As a matter of fact, if  
18      we could switch that, we would. So while we  
19      get more AIM aid, you see the numbers we're  
20      working against.

21             So since I've been here, five years,  
22      the personal income tax has gone up -- to  
23      New York State -- by close to 60 percent.  
24      That's what we give New York State.

1           We have not seen an increase in AIM  
2           aid for now six years. And that is a really  
3           important number, because that's the  
4           recognition that we get from New York that,  
5           you know, we're partners. We're partners in  
6           providing for the quality of life of the  
7           people that we all represent, we're providing  
8           for the police, fire, sanitation. It helps.  
9           It helps significantly.

10           And over the past five years since  
11           I've been mayor, not only has AIM aid not  
12           gone up, but we also inherited many of our  
13           municipal contracts with many years overdue.  
14           So we had some contracts that were nine years  
15           out. We have done and renegotiated all but  
16           one contract. But at the same time, you have  
17           to be able to afford to pay for these  
18           contracts in the context of a 2 percent tax  
19           cap.

20           It's difficult. We've been able to do  
21           it for the most part, but it's been a real  
22           tough row for us to hoe. So we really would  
23           appreciate, again -- I'm trying to make the  
24           case, this AIM aid is critically important

1           for the survival of our city, and it's a  
2           recognition of that partnership. And we  
3           really could use your help in that.

4                     And just to give you a couple of other  
5           numbers -- I know you've heard it before --  
6           you know, healthcare, just in five years,  
7           health, life, and dental insurance is up  
8           54 percent. Employee retirement system is up  
9           100 percent. And police and fire retirement  
10          system is up 54 percent. You take those  
11          numbers, you take new contracts that were  
12          nine years out, you add it together, and it  
13          makes it very difficult for us to make ends  
14          meet.

15                    We can continue to do more with less.  
16          We continue to make our budget work. Our  
17          bond rating has gone up, and we appreciate  
18          all the help -- and you have been, I mean  
19          this, New York State has been very helpful to  
20          Yonkers in terms of dealing with issues with  
21          the Board of Education, in terms of helping  
22          us with our economic development program. So  
23          I want to say thank you publicly to our great  
24          Governor and to the State Legislature.

1                   We have over \$100 billion -- I'm  
2                   sorry, \$1 billion in -- I wish we had  
3                   \$100 billion -- \$1 billion in new economic  
4                   development happening in the city. There's  
5                   4,000 new units of housing being built on our  
6                   city's waterfront. We're becoming a  
7                   destination, a true regional destination.  
8                   Places like iFLY, obviously Empire City is in  
9                   Yonkers, Legoland. There's a hotel boom,  
10                  there's six different hotels that have been  
11                  built. So there's a lot of positive things.

12                 But if you look at the expense line of  
13                 the ledger and you look at how we're growing  
14                 in terms of revenues, we're still being  
15                 outpaced. Our school district grew when most  
16                 school districts in New York State outside of  
17                 New York City were in decline. Our school  
18                 district grew. As you know, when things were  
19                 held harmless, they weren't really held  
20                 harmless for us. Because all the numbers  
21                 were going up while our numbers were going  
22                 down, so really what that meant was the  
23                 overall aid per pupil went down.

24                 So we need some help and support to

1           help us help ourselves. We realize we can't  
2           come to you hat in hand every year, and we  
3           realize that there are years that you can do  
4           better things for us than others. But we  
5           know that in terms of education aid, to  
6           continue to drive more dollars to education  
7           is always helpful to us. To continue to  
8           increase the AIM aid, which we haven't been  
9           able to do, but that's important to us. And  
10          to provide for some capital investments that  
11          localities can use to help us.

12                 When we rebuild this waterfront -- and  
13          that's a great thing that we're doing -- we  
14          still have, you know, old infrastructure that  
15          needs to be addressed. Because if not,  
16          people are going to be living in that  
17          waterfront, but they're not going to be able  
18          to go anywhere. And so we need to make sure  
19          that we have the help.

20                 So with that, again, I tried to do a  
21          quick runaround. What I wanted was --  
22          Chairman Farrell didn't want me to speak too  
23          long, and then see if you have any questions.

24                 CHAIRMAN FARRELL: Questions?



1                   Yes.

2                   ASSEMBLYWOMAN MAYER: Thank you,  
3                   Mr. Mayor, and thank you all for being here.

4                   And I know my Yonkers colleagues don't  
5                   seem to be here, so -- I know Senator Latimer  
6                   didn't feel well. And I think if they could  
7                   be here, they would.

8                   So, one, thank you for working so  
9                   collaboratively with us to try to drive more  
10                  money, at least every year since I've been  
11                  here and you've been mayor, particularly to  
12                  our schools as we've had some challenges.  
13                  And I understand your point about the need  
14                  for additional funding for education, and  
15                  obviously we will try.

16                  One thing I just want to bring to your  
17                  attention. You know, the Governor proposed  
18                  that after this year the Foundation Aid would  
19                  end, which I believe is not consistent with  
20                  the requirements of the CFE lawsuit. But  
21                  obviously, as we push for additional funding,  
22                  we're going to want to have the partnership  
23                  to work for long-term improvements in the way  
24                  funding is driven to the Yonkers public

1 schools. And I hope we can have your  
2 commitment to work with us, because I think  
3 the end of Foundation Aid would be very  
4 damaging for the City of Yonkers public  
5 schools.

6 MAYOR SPANO: We -- listen, I think  
7 that's the only hope we actually had was in  
8 terms of trying to deal with that with the  
9 funding formula. And so yeah, we'll be  
10 willing to work with you any way in which we  
11 can.

12 The hard-core reality is that while  
13 we -- our budget -- and a lot of people look  
14 at our budget and say, Well, you know, what  
15 is really Yonkers spending its money on? Our  
16 budget is about 50 percent right now  
17 funded -- funding goes through the Board of  
18 Education.

19 ASSEMBLYWOMAN MAYER: Yeah.

20 MAYOR SPANO: And these are coming  
21 from you. All the cities outside of -- as  
22 you know, all the cities are not even hitting  
23 20 percent on their budget, the rest is going  
24 to the municipal side.

1           So we -- you know, we get banged on  
2       both sides. So we get banged on the  
3       education side, because we're Westchester  
4       County -- that's a rich community -- but yet  
5       over 70 percent of our kids live at the rate  
6       of poverty. And we have to deal with the  
7       high cost of living in Westchester. The  
8       workforce, as you know, is at a different  
9       type of pay scale. And we have, as a result,  
10      over 50 years, have pretty much hit our  
11      constitutional taxing authority.

12           So even, like I said before, if we  
13      wanted to drive additional dollars back the  
14      other direction to try and maybe increase  
15      those numbers for our kids, which we want to  
16      do -- and we have done it other ways in terms  
17      of increases in the sales tax and what have  
18      you -- we can't, because we're running  
19      against a cap that says, okay, well, we think  
20      taxpayers in Yonkers have had enough. And so  
21      we hit that constitutional cap, so -- yes,  
22      the causes are different, but the effect is  
23      still the same. Kids suffer in the end.

24           ASSEMBLYWOMAN MAYER: Right. But we

1           will need to push back against this effort to  
2           end Foundation Aid, and I hope we can work  
3           together on that.

4                     On the finding additional money for  
5           capital -- and I'm pleased to see you've  
6           expanded it beyond just the schools, because  
7           I think we all agree we need capital  
8           financing. In your testimony on page 4 you  
9           show, you know, Yonkers is disproportionately  
10          lower in building aid expenditures and  
11          reimbursement. And I just want to clarify  
12          that in addition to having a lower  
13          reimbursement formula, which we all  
14          acknowledge we do, and it is a disadvantage  
15          for us, one of the reasons we haven't been  
16          able to even get more is because we don't  
17          have the financing to spend more.

18                    So because we have a 70 percent  
19          reimbursement, I take it that Yonkers doesn't  
20          have the money to spend the 30 percent on the  
21          absolutely essential repairs for our schools  
22          that have been left in disrepair before you  
23          became mayor, and now we're paying the price.

24                    So this \$10 million, which looks like

1           we're getting cheated -- which maybe some  
2           could say we are, but it's just so -- we  
3           don't have the money to put in.

4                   MAYOR SPANO: By my estimates, that's  
5           right.

6                   ASSEMBLYWOMAN MAYER: Yeah -- am I  
7           correct about that?

8                   MAYOR SPANO: That's a very good  
9           point, Assemblywoman.

10                   And, you know, I wasn't trying to be  
11           misleading there. It's I guess a symptom of  
12           the overall problem, which is we don't have  
13           the taxable authority on one end to raise  
14           those dollars to pay our share of rebuilding  
15           those schools, even at the 70 percent rate  
16           that the state is coming through with the  
17           money, which is a good -- it's a good place  
18           to start. And that's been why we've been  
19           asking for additional support in terms of  
20           capital funding, so that we can maybe lower  
21           that threshold down a little bit and be able  
22           to afford to build new schools.

23                   I want to address -- the first thing  
24           we need to address is the overcrowding in the

1 schools. We need to build two more schools,  
2 we need to rebuild Gorton, and that's some of  
3 the things that we're working at now. But  
4 there are also infrastructure needs that need  
5 to happen right now in terms of buildings  
6 that are just inadequate and need the support  
7 to bring them up to standards where they  
8 should be.

9 ASSEMBLYWOMAN MAYER: Now, I know -- I  
10 don't think the council adopts a capital  
11 budget until later in the year, but I'm  
12 assuming you're preparing a capital budget  
13 that's going to show anticipated shortfalls,  
14 preparing your needs against what anticipated  
15 capital revenues you would have. And I think  
16 that's something we'll want to see in the  
17 drafts, to the extent we can be helpful and  
18 try to find additional capital funds.

19 MAYOR SPANO: Okay.

20 ASSEMBLYWOMAN MAYER: Lastly, I just  
21 want to say on AIM, as you know, I think last  
22 year the Assembly one-house budget did  
23 increase AIM for cities statewide, and I'm  
24 hopeful that this year the Assembly one-house

1 budget will continue to do that.

2 One thing -- and I appreciate you  
3 mentioned the consolidation activities that  
4 Yonkers has undertaken. But as you know, the  
5 Governor's proposal is really contingent on a  
6 very strict consolidation proposal that  
7 actually has to go to the taxpayers, which, I  
8 think we all know in the political reality,  
9 could pose some real challenges.

10 So while I understand the need for  
11 more AIM and we certainly will fight for  
12 it -- and I'm not asking you to criticize the  
13 Governor's proposal, but I just would ask  
14 that you recognize that the contingency that  
15 he placed on AIM is very troublesome, in my  
16 opinion, for cities like Yonkers.

17 MAYOR SPANO: We will work with the  
18 legislation as passed. We will -- if we have  
19 to work on a proposal to put it to the  
20 taxpayers for a vote, we'll do that.

21 But I will tell you that given my  
22 experience at the city level, where -- and  
23 I'm sure the commissioner of finance can tell  
24 you, we had a fun time in doing -- to a

1       municipal agreement, shared services with the  
2       Board of Education -- now, these are trustees  
3       that I appointed, and they didn't want to  
4       support the shared services that we wanted to  
5       do. And we took them kicking and screaming.  
6       It saved a lot of money for the school  
7       district, it provided for another \$2 million  
8       for teacher support services, but it was a  
9       hard task.

10               I think -- the mission I like. I  
11       think the fact that our tax -- the Governor's  
12       pushing us to do more in terms of shared  
13       services. I get it, I support it, I  
14       understand what he's trying to do. It is  
15       going to be a monumental lift.

16               In places like human resources, in  
17       places like legal, in places like maybe even  
18       trash pickup, you might be able to get other  
19       municipalities to go along with you and do  
20       some type of shared services.

21               In Westchester County, as you know,  
22       it's very hard to do that with the  
23       high-ticket items like the police department,  
24       the fire department, because everybody wants



1           their own.

2                   ASSEMBLYWOMAN MAYER: Right.

3                   MAYOR SPANO: Police department, fire  
4           department, and they obviously want their own  
5           schools.

6                   So this is a tall order, there's no  
7           doubt about it. But I -- you know, whatever  
8           you give to us to do, we're going to follow  
9           through and work hard.

10                   ASSEMBLYWOMAN MAYER: No, I appreciate  
11           that. And I know you well. I just would say  
12           that I believe it's the state's obligation to  
13           fund cities like Yonkers at a level that they  
14           need in order to provide essential services.  
15           And while the mission of shared services and  
16           reductions is a notable one, I'm concerned  
17           about tying these things together, and I  
18           think the Assembly will -- I suspect we'll  
19           find that a difficult path to hoe.

20                   Thank you very much.

21                   MAYOR SPANO: Thank you,  
22           Assemblywoman.

23                   CHAIRMAN FARRELL: Senator?

24                   SENATOR MARCHIONE: I'd like to just

1 recognize that the minority leader, Senator  
2 Andrea Stewart-Cousins, has joined us.  
3 Welcome.

4 And the only comment that I have -- I  
5 don't know if the Senator has any further  
6 questions -- is to tell you how much we enjoy  
7 your Legoland.

8 MAYOR SPANO: Ah.

9 SENATOR MARCHIONE: My family very  
10 much enjoys your Legoland.

11 MAYOR SPANO: Senator, thank you. We  
12 are happy -- Yonkers has gone through kind of  
13 a rebirth, almost a lot like what you've seen  
14 in Brooklyn, but in a smaller way. But  
15 there's a regional attraction to the city,  
16 and that's been helpful to us, it really has  
17 been. And we're building on that.

18 And a lot of it has been made  
19 possible, frankly, because of the help that  
20 came from you, from the State Legislature,  
21 from Leader Stewart-Cousins and all, just  
22 making -- and Assemblywoman Shelley Mayer --  
23 making it possible for us to attract some of  
24 these companies in. And then it's kind of

1           like the flood gates open a little bit, you  
2           know. When you bring somebody in, you can  
3           attract maybe two or three others all by  
4           themselves.

5                        So we get it. We're working hard.  
6           But we also know we have a long ways to go.

7                        SENATOR MARCHIONE: Thank you.

8                        CHAIRMAN FARRELL: Questions?

9                        Thank you, Mr. Mayor.

10                       MAYOR SPANO: Thank you, Chairman  
11           Farrell, Leader Cousins.

12                       SENATOR MARCHIONE: Do you have a  
13           question?

14                       SENATOR STEWART-COUSINS: No, I  
15           didn't. I did actually have a --

16                       STENOGRAPHER: Mic?

17                       SENATOR STEWART-COUSINS: Hello?  
18           Better? Okay.

19                       Again, I just wanted to, you know,  
20           lend my voice in support with so many of the  
21           things that are happening in Yonkers and the  
22           revitalization.

23                       I know the Assemblywoman went through  
24           a lot of the things that I was certainly

1           concerned about. And definitely, as big  
2           proponents of AIM, and certainly as it  
3           relates to doing the things that we need to  
4           do and a tax cap, I'm always trying to get  
5           more AIM funding for municipalities. And so  
6           I'm glad that the question was raised as it  
7           relates to how we will proceed forward if we  
8           tie these two things together. So, you know,  
9           I'm always concerned about that.

10                   But as far as the schools, I'm sure  
11           you've got two bites at the apple because you  
12           came here on your Local Government Day to  
13           talk mostly about rebuilding schools. I'm  
14           assuming that the superintendent will come  
15           and talk about the same thing.

16                   MAYOR SPANO: Yes, he'll talk about  
17           the schools too.

18                   SENATOR STEWART-COUSINS: Which is  
19           good, because sometimes there are different  
20           messages, and people don't know where exactly  
21           to focus. But clearly the future of the  
22           city's continued revitalization will really  
23           hinge on our ability to educate the young  
24           people who are coming into the city with

1           their families. And for that, you know, good  
2           buildings and infrastructure, you know, will  
3           really be required.

4                       So, you know, we will continue to work  
5           with all of our colleagues, both sides of the  
6           aisle, in both houses, to see what we can do  
7           to make it happen.

8                       MAYOR SPANO: Thank you for your  
9           comments. I appreciate that.

10                      SENATOR STEWART-COUSINS: You're  
11           welcome.

12                      MAYOR SPANO: Thank you.

13                      CHAIRMAN FARRELL: Thank you very  
14           much.

15                      SENATOR MARCHIONE: Thank you.

16                      CHAIRMAN FARRELL: The Honorable  
17           Stephanie Miner, mayor of the City of  
18           Syracuse, 2:30.

19                      Good afternoon.

20                      MAYOR MINER: Good afternoon.

21                      Thank you, Chairman Farrell --

22                      CHAIRMAN FARRELL: Good evening.

23                      MAYOR MINER: Yes, I guess soon to be  
24           evening.

1           -- thank you, Senator Young, and all  
2           the members of the Legislature who have  
3           vigilantly stayed to listen to my testimony.

4           In keeping with the spirit of my  
5           colleagues, I'm going to echo what they have  
6           said about the tremendous financial  
7           challenges that cities find themselves under  
8           and the need to have more AIM funding.

9           I do want to take this time, though,  
10          to specifically thank the Assembly and the  
11          Senate for your continued steadfast advocacy,  
12          successful advocacy, for more funding for  
13          education and recently more funding for  
14          infrastructure. Your success in those areas  
15          has been incredibly important to my city and  
16          other municipalities across New York State.

17          As you said, Chairman Farrell, I am  
18          the mayor of Syracuse, and we are the fifth  
19          most populous city in the State of New York.  
20          And while we have a terrific city that is  
21          growing, particularly with immigrants and  
22          people who are refugees, which has been in  
23          the news this week and last week, we also  
24          have tremendous struggles. We are a poor

1 city, and more than 45 percent of our  
2 children are born into poverty. And under  
3 recent studies that have been released, we  
4 have the highest concentration of black and  
5 Hispanic poverty of any city in the nation.

6 These are challenges that we, like  
7 Buffalo and Rochester, face every day and are  
8 very conscious of providing what I like to  
9 call the infrastructure of opportunity to  
10 people in our city so that they can grow and  
11 become successful citizens.

12 It is customary on this day to plead  
13 for additional state aid, which I have just  
14 done. But last year I broke somewhat with  
15 that tradition and talked about the desperate  
16 need for reform. I spoke about corruption  
17 and its corrosive influence on our democracy  
18 in New York State. And at the same time I  
19 also raised issues about how economic  
20 development resources were allocated in this  
21 state. And unfortunately, since I appeared  
22 before you last year, the headlines have been  
23 dominated by the intersection of those two  
24 issues, corruption in our state's economic

1        development programs and corruption in  
2        general.

3                Tough questions need to be asked,  
4        answers need to be had, and people need to be  
5        held accountable for performance or a lack of  
6        performance. In Central New York we have  
7        acutely felt the impact of this corruption,  
8        and yet at the same time we have showed a  
9        contrast as to what can happen when you have  
10       principled economic development.

11               Under my tenure, and this is my eighth  
12       year as mayor, our economic development has  
13       resulted in \$1.5 billion of development. And  
14       at the same time, we have had exciting new  
15       developments to make sure that we insured  
16       local hiring to put our most marginalized  
17       citizens to work when we gave away tax  
18       benefits.

19               We have seen old classic assets in our  
20       city, like the Hotel Syracuse, be  
21       redeveloped, and another cornerstone of  
22       downtown be revitalized, with local jobs  
23       being created and people being put to work.  
24       Since becoming elected to office, I've been a



1           consistent promoter of what has unfortunately  
2           become a radical idea, that tax breaks for  
3           developers must be balanced with a  
4           commensurate public benefit.

5                     Unfortunately, as we have seen in our  
6           headlines, corruption in our state's economic  
7           development programs has become all too  
8           common. There is a systemic problem in that  
9           government has increasingly become insulated  
10          from the will of the people. That is being  
11          felt by the citizens of my city and our  
12          community and, indeed, I would say our entire  
13          state.

14                    While we are limiting voting rights,  
15          we are protecting the right of LLCs to  
16          influence our laws. We are forcing  
17          consolidation on local communities and at the  
18          same time refusing to provide promised  
19          mandate relief. There is a government that  
20          promotes ribbon cuttings while neglecting a  
21          sustained investment in our shared  
22          infrastructure of opportunities -- our  
23          schools, our roads, our water mains.

24                    I say this to all of you to say that

1           when we have the basic foundations of our  
2           democracy undermined, to come and speak to  
3           you and simply just ask for money seems to me  
4           to do a disservice. We need to show the  
5           people of our state that government provides  
6           the best public policy for everyone, not just  
7           those who are wealthy enough to provide  
8           campaign contributions.

9                     A couple of weeks ago I joined  
10          Common Cause in supporting their agenda, and  
11          I would urge all of you to look closely at  
12          this agenda and adopt it. It includes, among  
13          other things, closing the anonymous LLC  
14          loophole, engaging in comprehensive  
15          contracting oversight, and modernizing our  
16          elections. I believe by doing all of this we  
17          can inject some energy and transparency into  
18          our government and show the people of our  
19          state that we really mean it when we say that  
20          we are doing the people's business.

21                    I would also like to take a moment to  
22          talk about the countywide shared services  
23          property tax plan initiative in the  
24          Governor's proposed budget, as well as the

1       municipal consolidation and efficiency  
2       competition enclosed in last year's budget.

3               The first point I'd like to make is  
4       that most local governments in New York,  
5       including the City of Syracuse, are already  
6       sharing services. And I don't say that just  
7       as the mayor of the City of Syracuse, but I  
8       say that by quoting a study by Dr. Mildred  
9       Warner of Cornell University, who has shown  
10      that New York State is a leader in shared  
11      services.

12             We in the City of Syracuse have  
13      already taken concrete steps over the past  
14      seven years to consolidate purchasing,  
15      consolidate mail service, implement  
16      PeopleSoft for a shared financial management  
17      platform -- and in fact, all of these things  
18      led to a recognition by Governor Cuomo during  
19      his 2014 State of the State Address for the  
20      city's efforts in attempting consolidation.

21             And he said: "And there is a ray of  
22      hope, because there are local leaders who are  
23      stepping up to the plate. And I would like  
24      to take a moment to recognize the great

1       Onondaga County Executive, Joanie Mahoney,  
2       and the Mayor of Syracuse, Stephanie Miner,  
3       who are working together. They are working  
4       together to see if they can achieve  
5       consolidation and shared services between  
6       Onondaga County and the City of Syracuse. We  
7       wish them well and hope other leaders follow  
8       that example, because that is exactly the  
9       right course."

10               I share that with all of you to say  
11       that I have a track record, a successful  
12       track record, of doing shared services and  
13       consolidations. And I have seen a number of  
14       my colleagues in suburban and rural towns and  
15       villages alike all struggle under the  
16       property tax cap to continue to provide  
17       effective services.

18               At the same time, I must remind all of  
19       you that when the property tax cap was put  
20       into place, we were promised that there would  
21       be meaningful mandate relief, and there has  
22       not been.

23               Dr. Warner, from Cornell University,  
24       has also shown that New York State has the

1 highest level of state decentralization of  
2 fiscal responsibility of any state in the  
3 nation. And in fact, according to her study,  
4 64 percent of all state and local  
5 expenditures are handled at the local level  
6 in New York State. That's the second highest  
7 in the nation.

8 The primary drivers of high local  
9 property taxes in New York State are indeed  
10 mandates that come from the state, including  
11 pensions, binding interest arbitration,  
12 healthcare, and other things that we are  
13 ordered and indeed want to provide. If the  
14 idea behind consolidation and shared services  
15 is to lower property taxes, then I think that  
16 that does a disservice to the public to say  
17 that that's going to do it.

18 If we want to lower property taxes in  
19 the State of New York, then we have to look  
20 at issues like how we pay for Medicaid, how  
21 we pay for education, how we pay for pensions  
22 and other mandates that the state puts on the  
23 local governments. If we want to talk about  
24 efficiencies and how we can more efficiently

1 provide services, then I would tell you that  
2 the way to do it, having done it, is to  
3 incent local governments to cooperate, not to  
4 bludgeon them over the head with these kinds  
5 of mandates.

6           Again, I have been successful and I  
7 have been unsuccessful in these efforts. But  
8 what I can tell you is that you are most  
9 successful when you have a constituency that  
10 believes you, thinks you're acting in their  
11 best interest, and wants to see the end  
12 results.

13           Unfortunately, we are in a time and  
14 place where we've seen more and more people  
15 not believe what their elected officials are  
16 telling them, and they are doubtful when we  
17 go to them saying that we are going to give  
18 them better government at lower cost. And so  
19 I would caution all of you, as you think  
20 about these proposals, to keep that in mind.

21           I also want to take this opportunity  
22 to strongly endorse Assemblyman Hevesi's Home  
23 Stability Support program. As I said, we are  
24 a poor city in New York State, and we have

1       done tremendous work in providing housing to  
2       people who are housing-vulnerable, but  
3       Assemblyman Hevesi's program would help us  
4       continue to do that and improve living  
5       conditions and provide some stability across  
6       the state. And so I have publicly said this  
7       before, but I would strongly urge the members  
8       of the Legislature to support this proposal.

9               And lastly, I want to again add my  
10       voice to those who strongly support expanding  
11       ride-hailing services outside of New York  
12       City. Doing so will help our economy in  
13       Syracuse grow and make all of our streets  
14       safer for all.

15              So with that, I want to thank you for  
16       your time today, and I would welcome any  
17       questions that any of you have. Thank you.

18              CHAIRMAN FARRELL: Thank you very  
19       much.

20              Questions?

21              CHAIRMAN FARRELL: Thank you.

22              MAYOR MINER: Thank you.

23              CHAIRMAN FARRELL: Julissa  
24       Ferreras-Copeland, chair of the Finance

1 Committee, New York City Council.

2 Next will be the New York State  
3 Association of Counties. If you came down,  
4 it would help a little when we start.

5 Good afternoon.

6 COUNCILMEMBER FERRERAS-COPELAND: Good  
7 afternoon.

8 CHAIRMAN FARRELL: Did I mess up your  
9 name?

10 COUNCILMEMBER FERRERAS-COPELAND: No,  
11 you said it perfectly.

12 Good afternoon to Chairwoman Young and  
13 Chairman Farrell and the members of the  
14 Finance and Ways and Means Committees. I  
15 will be testifying on behalf of the New York  
16 City Council and Speaker Melissa  
17 Mark-Viverito.

18 I am Julissa Ferreras-Copeland, and I  
19 am the chairwoman of the New York City  
20 Council's Finance Committee. I represent the  
21 21st Council District, which includes  
22 Elmhurst, East Elmhurst, Corona and  
23 Jackson Heights, in the Borough of Queens.  
24 It is an honor to be in our state's capital



1 to discuss Governor Cuomo's Executive Budget  
2 for state fiscal year 2017-2018.

3 I appear before you not only as an  
4 elected representative, but also as the  
5 daughter of immigrants who live the American  
6 dream. I represent some of the most  
7 ethnically and racially diverse neighborhoods  
8 within the most diverse county in the world.  
9 My constituents, many of whom are immigrants,  
10 are hardworking and searching for the  
11 American dream just as my parents did.

12 It is my sincere hope that we as a  
13 state pass a budget that provides all  
14 New Yorkers with the opportunity to achieve  
15 the American dream. Let us remember that the  
16 American dream is the same for my  
17 constituents in Queens as it is for the  
18 residents of the North Country, Erie County,  
19 and all counties across our state. We are  
20 one New York.

21 This year's Executive Budget contains  
22 familiar proposals that the City Council  
23 strongly supports. The budget again  
24 recommends the enactment of the DREAM Act to

1 provide undocumented immigrants access to  
2 state financial aid for higher education.  
3 The DREAM Act offers all New York students  
4 the same opportunity to pursue the American  
5 dream.

6 Now to the issue of raising the age  
7 for criminal liability. New York is one of  
8 only two states that prosecute teenagers as  
9 adults. The Governor proposes raising the  
10 age for juvenile jurisdiction from age 16 to  
11 18 by January 2020. The budget also contains  
12 additional beneficial reforms such as  
13 diversion, probation, and programming  
14 services for 16- and 17-year olds involved in  
15 the juvenile justice system. We urge the  
16 Legislature to raise the age of criminal  
17 responsibility.

18 I want to express the New York City  
19 Council's support of extending the personal  
20 income tax top bracket. The budget extends  
21 the personal income tax top bracket,  
22 otherwise known as the millionaire's tax, for  
23 three years. This rate applies to taxpayers  
24 with taxable incomes over \$2.1 million. This

1       action raises needed state revenue while  
2       shifting the tax burden to those best able to  
3       pay for it.

4               The Governor has also made new  
5       proposals that the council commends. The  
6       budget permits New Yorkers with family  
7       incomes under \$100,000 to attend SUNY or CUNY  
8       tuition-free beginning next school year. The  
9       income threshold increases to \$125,000 by  
10      school year 2019-2020. We applaud this  
11      proposal and urge the Legislature to consider  
12      enhancing financial aid available for  
13      expenses such as books, transportation, and  
14      housing to the lowest-income students.

15             A new proposal creates a partial  
16      unemployment insurance benefit which allows  
17      an employee to earn \$100 or 40 percent of  
18      their weekly benefits, whichever is greater,  
19      when a worker is partially unemployed.

20             While this year's Executive Budget  
21      excludes exceedingly problematic cost shifts  
22      like the ones we saw last year, there remain  
23      areas of serious concern. The New York City  
24      Council is pleased that the Governor proposes

1 to again increase school aid, including a  
2 \$428 million increase in Foundation Aid, and  
3 we support the Governor's calls to fund  
4 after-school programs, community schools,  
5 pre-kindergarten, and early-college high  
6 schools.

7 However, we again urge the Legislature  
8 to fully fund the Campaign for Fiscal Equity  
9 decision, and eliminate funding set-asides  
10 proposed for Foundation Aid. Fully funding  
11 the CFE decision will provide our public  
12 schools the necessary resources to provide  
13 all students with a sound, basic education.

14 The budget recommends removing the  
15 regional cap on charter school growth in  
16 New York City, enhancing the reimbursement  
17 for charter school facilities costs, and  
18 boosting the charter school per-student  
19 payment rate. The significant funding  
20 increases proposed for charter schools will  
21 leave less of the proposed Foundation Aid  
22 increase available for district schools,  
23 making compliance with the CFE ruling  
24 critical. The council has concerns with

1       lifting the charter cap without a further  
2       increase in Foundation Aid and support for  
3       charter school facility costs.

4               Additionally, the budget proposes to  
5       restructure funding for residential  
6       placements of children with special needs to  
7       require New York City to pay tuition costs  
8       associated with the New York City Foster Care  
9       placements. While the state anticipates that  
10      this proposal impacts New York City by  
11      \$23 million, costs could exceed this amount  
12      as expenditures are dependent on the number  
13      of foster care placements and associated  
14      tuition costs. We oppose this proposed cost  
15      shift to the New York City school system.

16              Finally, the Executive Budget proposes  
17      to extend mayoral control of city schools for  
18      three years. We are in full support of this  
19      proposal.

20              While most of the budget continues  
21      existing policies with respect to Medicaid,  
22      such as adhering to the spending cap, there  
23      are two main programs that cause concern. In  
24      an effort to lower state and New York City

1 Medicaid costs, the budget requires the city  
2 to improve the Medicaid claiming of School  
3 Supportive Health Services and to identify  
4 opportunities to enhance federal funding for  
5 SSHS. Should the plan fail to generate the  
6 required savings, DOH will have the authority  
7 to reduce Medicaid payments to the city by  
8 \$50 million.

9 We are also very concerned over the  
10 uncertainty at the federal level with the  
11 possible repeal of the Affordable Care Act  
12 and how that will impact the Medicaid  
13 program. Most concerning is whether the  
14 federal government will impose a block grant  
15 program for Medicaid. The New York City  
16 Council hopes that our partners in the state  
17 will continue to work with us to protect the  
18 people that utilize Medicaid in the event  
19 that the federal government repeals the  
20 Affordable Care Act to prevent any gaps in  
21 services.

22 This budget also reduces the General  
23 Public Health Work Program reimbursement to  
24 New York City, which supports many public

1 health services for vulnerable populations.  
2 It reduces the reimbursement rate for the  
3 non-emergency claims above the base grant  
4 from 36 percent to 29 percent, resulting in a  
5 loss of \$32.5 million that supports Ending  
6 the Epidemic, Nurse-Family Partnership,  
7 Newborn Home Visiting Program, and other  
8 essential services.

9 Few things are as important to the  
10 New York City Council as affordable housing.  
11 Here we have mixed feelings about the  
12 budget's proposals. The 2018 Executive  
13 Budget introduces the tax incentive program  
14 Affordable New York Housing Program, which  
15 replaces the tax break known as 421-a. I  
16 want to start off by saying we support the  
17 general goal of this program, which is to  
18 develop affordable housing in mixed-income  
19 buildings.

20 We are still reviewing the proposal.  
21 However, there are a couple of items that are  
22 of grave concern to the council. The first  
23 of these is the complete elimination of the  
24 City Council's authority to restrict or

1       tighten eligibility of the program. This  
2       authority has long been part of the 421-a,  
3       but the recent change completely cuts out the  
4       council.

5               Related to this concern is the cost of  
6       this proposal. The 421-a program already  
7       represents an annual cost of \$1.2 billion,  
8       by far the most expensive tax expenditure in  
9       New York City's budget. With the changes  
10      contained in this proposal and those that  
11      were part of the 421-a renewal in 2015, the  
12      cost is expected to grow dramatically. It is  
13      worrisome to have such a large expense on our  
14      budget with no real control over it.

15             New York City does not shy away from  
16      committing significant resources to major  
17      priorities. However, we believe it is  
18      critical that we are as responsible and  
19      efficient with our spending as we can be. I  
20      think that this goal of fiscal responsibility  
21      is one that everyone here in Albany shares as  
22      well.

23             For the reasons mentioned above, we  
24      are greatly concerned about this proposal.



1       It represents an extremely expensive program  
2       that is borne solely on the city's budget  
3       without a mechanism for the city to adjust or  
4       limit the program. As it currently stands,  
5       the Affordable New York Housing Program  
6       undermines the city's ability to be a good  
7       fiscal steward.

8               And now with the housing for our  
9       seniors, the budget also appropriates  
10      \$125 million for developing or rehabilitating  
11      affordable housing for low-income seniors.  
12      This is beneficial for New York City and  
13      aligns with the mayor's affordable housing  
14      plan, which will create 4,000 affordable  
15      housing units for seniors. However, it is  
16      unclear how much of this funding will trickle  
17      down to New York City and how many affordable  
18      housing units for seniors it will create.

19             The state is investing \$20 billion in  
20      a comprehensive, five-year plan for  
21      affordable and homeless housing. This  
22      infrastructure plan is funded from multiple  
23      sources, out of which the private sector and  
24      local governments will account for

1           21 percent. It is unclear if and how much  
2           the city will have to contribute to this  
3           capital plan and what proportion of the  
4           affordable and supportive housing units will  
5           actually be in New York City.

6                     In addition, the Governor's budget  
7           proposal expands the authorization for  
8           design-build procurement to include counties  
9           outside of New York City. Providing this  
10          powerful procurement tool to include the City  
11          of New York would help us streamline  
12          construction timelines and reduce costs.

13                    In conclusion, the council continues  
14          its analysis of the Executive Budget, and we  
15          look forward to reviewing the response of the  
16          Legislature to these proposals. We hope to  
17          continue a constructive dialogue with you  
18          over the next few months.

19                    Thank you.

20                    CHAIRMAN FARRELL: Thank you.

21                    Questions?

22                    COUNCILMEMBER FERRERAS-COPELAND:

23                    Thank you.

24                    CHAIRMAN FARRELL: Stephen J.

1 Acquario, executive director, New York State  
2 Association of Counties.

3 Peter Baynes?

4 EXEC. DIRECTOR BAYNES: Yes, sir.

5 CHAIRMAN FARRELL: Let's try that  
6 again.

7 This is the New York State Conference  
8 of Mayors, Peter Baynes, executive director.  
9 And Thomas Roach, is that him with you? Did  
10 I pronounce -- is that --

11 MAYOR ROACH: Yes.

12 CHAIRMAN FARRELL: Mayor of White  
13 Plains.

14 MAYOR ROACH: Yes.

15 CHAIRMAN FARRELL: You've got my  
16 daughter. Okay.

17 EXEC. DIRECTOR BAYNES: Thank you.  
18 The Association of Towns --

19 CHAIRMAN FARRELL: Thank you for  
20 coming.

21 EXEC. DIRECTOR BAYNES: The  
22 Association of Counties, they're on their way  
23 over from their conference, and they said we  
24 could jump ahead of them. And thank you for

1           allowing us to do that.

2                       As you mentioned, I have Mayor Roach,  
3           Tom Roach, from the City of White Plains with  
4           me. He's the president of the Conference of  
5           Mayors this year. I also have with us  
6           Barbara Van Epps, who is NYCOM's deputy  
7           director and legislative coordinator.

8                       Before I turn it over to -- we are not  
9           going to read our testimony which we have  
10          submitted, nine pages worth. We are going to  
11          summarize the key aspects of our testimony  
12          and try to stay under the 15-minute time  
13          limit.

14                      Before I turn it over to Mayor Roach  
15          to talk about, in real terms as a mayor of a  
16          city, what the state budget means for him and  
17          could mean with some important modifications,  
18          I just want to take a moment to try to set  
19          the record straight for our members.

20                      As I'm sure you're aware, the Governor  
21          has repeatedly pointed to local officials as  
22          the cause of high real property taxes in  
23          New York, and I think the Governor either  
24          doesn't know of local government or he's just

1       failing to recognize how local government  
2       really works.

3               Just a few facts to set the record  
4       straight. The Governor cites the number of  
5       local governments in New York as an excessive  
6       number of 10,500 local governments. There  
7       are really only 1,599 general-purpose local  
8       governments in New York's counties, cities,  
9       towns, and villages.

10              The Governor has said that local  
11       officials need to display the fiscal  
12       restraint his administration and the  
13       Legislature have shown over the past several  
14       years. But if you look at cities -- even  
15       going back to before the tax cap, when it  
16       came into being -- over the past 10 years,  
17       cities have increased their taxes on average  
18       by 2.4 percent a year -- not the 5, 6,  
19       7 percent that was cited prior to the  
20       property tax cap coming into being.

21              And for the most current year, for  
22       2017, in our city budget survey we found that  
23       the average tax increase for our cities was  
24       1.3 percent. So they're making the effort,

1       our members, on the tax side. On the  
2       spending side, they're doing the same since  
3       2005.

4               Cities' average spending increase from  
5       year to year has been 1.8 percent. That's  
6       below the state's self-imposed spending cap  
7       of 2 percent. And also, very importantly,  
8       the spending calculation for local  
9       governments includes capital spending,  
10      whereas the state spending cap does not  
11      include capital or infrastructure spending.

12             And then the biggest fallacy that we  
13      feel has been touted by the Governor -- and  
14      it's to the detriment, I think, of local  
15      government and the willingness of officials  
16      to serve or the public to serve in local  
17      government -- is the claim that local  
18      governments don't work together and don't  
19      want to work together to share services, that  
20      they really don't care about their taxpayers.

21             I think -- as many of you come out of  
22      local government service, I think anyone with  
23      a knowledge of local government or who worked  
24      in local government knows that that claim is

1 false. We have tried as an association to  
2 document the fact that our people, our  
3 members, are working together.

4 We did a survey back in 2014, when the  
5 Government Efficiency Plan requirement came  
6 to be, to see the degree to which our members  
7 were sharing services. And of 225 responses  
8 we got from our members, they cited 1,600  
9 separate examples of shared services, an  
10 average of seven shared service arrangements  
11 per local government.

12 Mayor Miner cited the Cornell study  
13 that documents basically the same thing, that  
14 New York is actually a leader at the  
15 local-government level in sharing services.

16 So now, the latest iteration of trying  
17 to force local governments to do something  
18 they're already doing is the Governor's  
19 consolidation mandate proposal that has been  
20 discussed by many speakers today. It would  
21 mandate a county-designed consolidation plan  
22 that would then go to a countywide  
23 referendum.

24 Notably, it ignores schools and school

1        taxes, which in the average municipality  
2        amounts -- or in the average community  
3        amounts to approximately 70 percent of the  
4        property tax bill. And I think, as an  
5        affront to the Legislature, frankly it -- the  
6        AIM appropriation, which we will discuss, is  
7        linked to and is dependent upon the State  
8        Legislature approving the consolidation  
9        mandate proposal that the Governor has  
10      proposed.

11              You know, ironically and most  
12      frustrating, as I mentioned at the beginning  
13      of my remarks, the consolidation that the  
14      Governor is working so hard to find a way to  
15      force local governments to do is something  
16      they're already doing. In this proposal he  
17      has specified specific areas where he'd like  
18      to see local governments work together. And  
19      if you look at it, it's the most -- the types  
20      of services he wants to see local governments  
21      work together on are the ones that are most  
22      prevalent in terms of being shared right now  
23      among local governments.

24              Highway equipment sharing, storage and



1       other facilities sharing, the sharing of  
2       plowing services, those are all routinely  
3       done in virtually every local government in  
4       the state. Cooperative purchasing is also  
5       listed in the consolidation mandate proposal.  
6       In fact, local governments do a large degree  
7       of their purchasing off the state's OGS  
8       contract or through county or national  
9       municipal programs.

10               A third area of focus the Governor  
11       would like to see is local governments start  
12       to buy their different insurances  
13       cooperatively. The fact of the matter is in  
14       New York, in the worker's compensation arena,  
15       80 percent of municipalities buy their  
16       worker's comp insurance from a statewide or  
17       countywide municipal cooperative. Almost  
18       60 percent of local governments buy their  
19       property and liability insurance from NYMIR,  
20       the New York Municipal Insurance Reciprocal,  
21       which is truly an intermunicipal cooperation  
22       agreement among almost 900 local governments.

23               And then in the health insurance area,  
24       there are members of ours that purchase their

1 health insurance through countywide  
2 cooperatives. Unfortunately, in this area --  
3 and you'll see this in other areas where  
4 there's a barrier to working together -- when  
5 it comes to health insurance, our smaller  
6 members that have fewer than 100 employees,  
7 they are not able to buy into -- buy health  
8 insurance out of cooperatives. So there  
9 could be even more sharing in that realm, but  
10 we'd have to get the law amended to get rid  
11 of that barrier.

12 So the bottom line is local government  
13 is doing what the Governor wants them to do.  
14 We ask the State Legislature today to put an  
15 end to another unnecessary and unfruitful  
16 exercise in consolidation.

17 With that, I'm going to turn it over  
18 to Mayor Roach to talk more specifically  
19 about things going on in his community  
20 relative to the state budget and how the  
21 state budget can help him serve his community  
22 better and all of our members can serve their  
23 communities better.

24 Mayor?

1                   MAYOR ROACH: Thank you. Thank you,  
2                   Mr. Chairman, and members of the committee.

3                   My name is Tom Roach. I'm the mayor  
4                   of the City of White Plains. We're a  
5                   population of about 60,000, the  
6                   fastest-growing city in the State of  
7                   New York.

8                   Thirty-four minutes to Midtown from  
9                   our train station, and we're at the point now  
10                  where as many people get off the train to  
11                  come to work in White Plains in the morning  
12                  as get on the train to go to work in  
13                  Manhattan. We're the number-one destination  
14                  out of Manhattan in the morning. So we have  
15                  an interesting community where our resident  
16                  population of 60,000 expands to about 250,000  
17                  during the day.

18                  We have three hospitals, three  
19                  courthouses, and therefore we have a very  
20                  large police force, a very large fire  
21                  department for our population size. But I'm  
22                  here today -- I can't help but pitch for my  
23                  city. I'm a mayor, and I know we have at  
24                  least one former mayor up there, Assemblyman

1       Otis, but I can't help but pitch a little for  
2       my city. But I'm here today as president of  
3       the New York Conference of Mayors.

4               I meet and talk with mayors from  
5       around the state. I have been present for  
6       the testimony you've heard today from mayors,  
7       and it's striking how the issues remain the  
8       same throughout this very diverse state. I  
9       went to college in Albany, I went to law  
10      school in Buffalo, my parents live in  
11      Canandaigua, my sister lives in Irondequoit.  
12      For a guy from Westchester, I pronounce  
13      Canandaigua and Irondequoit; I should get  
14      some credibility there. But I know the state  
15      very well and enjoy meeting with the mayors,  
16      and we all face similar challenges.

17             One of the things that we've all been  
18      struck by is the suggestion that there is not  
19      a lot of shared services already taking  
20      place. And I can tell you that it does take  
21      place. It's sometimes as simple as a phone  
22      call. You'll get a call from another mayor  
23      saying, Hey, listen, can we borrow your leaf  
24      claw? They had a storm that didn't really

1           impact us. The answer is "Sure." There's  
2           not a lot of paperwork involved, it's just  
3           helping out.

4                   But I have some concern that in a lot  
5           of grant situations and a lot of situations  
6           where demonstrating that you've done  
7           something is part of your ability to get the  
8           funding -- which is some of what's happening  
9           with the AIM funding -- I have a real concern  
10          with it being tied in, but also whether or  
11          not we get credit for what we're already  
12          doing.

13                   It always seems unfair to me when we  
14          put in for a grant and they say "You don't  
15          get credit for those electric charges because  
16          you put them in too soon." So I would think  
17          we'd be wanting to reward the people who have  
18          already done the work. And so I actually had  
19          to ask around, because some of what we do is  
20          so engrained in the city today that people  
21          forget that it's really shared services.

22                   One of the things that I did when I  
23          became mayor was our school district is  
24          entirely dependent on the city, so we have

1       contiguous borders, we serve the same  
2       population, but they are a separate branch of  
3       government, they receive -- they have their  
4       own taxing authority, and they receive their  
5       own funding from the state. And I'll just  
6       point out that the schools -- and I don't  
7       want to stop any funding for the schools --  
8       but their increase exceeds our total  
9       unrestricted aid package.

10               But we, on our own, we offered and now  
11       do, we maintain their vehicles. We have a  
12       big shop, we have ASE-certified mechanics.  
13       And they actually contract for their buses,  
14       so it's more like trucks, fleet cars, things  
15       like that. But we save them a lot of money  
16       by doing the work ourselves. All they do is  
17       buy the parts.

18               We receive nothing from them for that.  
19       My feeling was that it benefits the taxpayers  
20       as a whole, because the cost to us is lower  
21       than the savings to them. So therefore it  
22       works out for the taxpayer, but it doesn't  
23       make my books look any better.

24               And the irony is that if I lost AIM

1 funding, this is one of the first things I'd  
2 have to stop doing. And it's actually shared  
3 services.

4 We are right now working with them on  
5 a program -- we use all of their athletic  
6 fields. We have very limited parks in the  
7 City of White Plains, so their athletic  
8 fields are basically what we use for our  
9 recreation programs.

10 We're a very diverse community. We  
11 have children coming from all economic  
12 backgrounds, and our recreation programs are  
13 essential. One of the issues that has come  
14 up over the years is you have, you know, 200  
15 9-year-olds playing soccer, and there's no  
16 access to a bathroom. And for the schools to  
17 open the door to the school is very expensive  
18 because they have to then staff the school.  
19 So we worked with the schools and we're going  
20 to be installing outdoor restrooms at all of  
21 these fields. They're going to buy the  
22 actual restroom, we're going to do the  
23 plumbing and site work to install it. So  
24 we're both going to benefit from it, and

1           we're going to share the cost.

2                       We have an interesting thing that we  
3           do with the school district, and have done  
4           for 18 years, is we provide basically  
5           personnel expertise to them. We administer  
6           and enforce and interpret the Civil Service  
7           Law, the local civil service rules,  
8           everything from holding the school's civil  
9           service exams to reviewing applicants to  
10          classifying new positions, job audits, and  
11          things like that.

12                     They would have to have retained an  
13          expert for that or -- and they pay us a very  
14          small amount of money. I'm not even going to  
15          read it because it might not look -- maybe  
16          I'd -- you know, whatever. But I'm happy  
17          because we serve the same taxpayers.

18                     As I said, we do things with other  
19          governments all the time. Mutual aid -- so  
20          there was discussion about fire trucks and  
21          police vehicles. Probably older than local  
22          government is mutual aid, that when there is  
23          a fire in one community, the other  
24          communities -- or a police activity that



1 requires support -- will come.

2 Today there was a big fire in Yonkers,  
3 and I was just talking with Mayor Spano about  
4 it. And mutual aid gets involved when you  
5 have a fire like that because you have to  
6 have staffing in the other houses. And  
7 that's done routinely.

8 We have in White Plains a New Year's  
9 Eve ball drop. It started many years ago  
10 from the back of a fire truck. We now have a  
11 big crane, and we get about 25,000 people  
12 that come out. So it's a huge event for us.  
13 We have so much support from other police  
14 departments -- and not just local, but also  
15 federal, state, county, and our fellow cities  
16 in our area. So that is again another  
17 example of mutual aid.

18 So we are working together every day,  
19 and we're happy to look at new ways to do it.  
20 There may be the potential to work with the  
21 Legislature about maybe some changes in  
22 regulations that would permit us to do even  
23 more together, but I think -- we talk all the  
24 time about trying to help each other.

1           I want to throw in one more thing, the  
2           design-build. So right now I drove across  
3           the old Tappan Zee Bridge and looked at the  
4           new Tappan Zee Bridge today on my way up to  
5           Albany. And it looks beautiful, and it's  
6           coming along so well, and it is the product  
7           of design-build.

8           And, you know, we had to build a new  
9           parking garage in our entertainment district  
10          which, thank goodness, is surging and  
11          therefore we needed the parking, and we were  
12          grateful we had this assistance from the  
13          state in doing that. But we had to contract  
14          it out under the traditional method. And  
15          what generally happens is somewhere along the  
16          construction phase, your construction  
17          contractor tells you, "This design is wrong,  
18          you can't build it like this, we have to  
19          change this." Now I have what's called a  
20          change order, which you cannot put out to bid  
21          because it's just this contractor, so I don't  
22          have a good negotiating position.

23          And it is so much preferable, on a  
24          large project, to be able to hand it to a



1           quick because I only have a few minutes. But  
2           I'm going to make a humble request of the  
3           Conference of Mayors. I represent the  
4           Village of Hempstead, where I have my mayor,  
5           Wayne Hall, and I'm having difficulty in  
6           accessing or helping him to overcome his  
7           confusions as it relates to Assembly input.

8                     I was hoping that perhaps your  
9           conference could provide training for some of  
10          your members, because the budget process  
11          sometimes is elusive if you're not really a  
12          part of it. It seems that my mayor is not  
13          quite clear as to how AIM, ESPRI, Roads and  
14          Streets, PILOTs and CHIPs -- it's confused in  
15          that he's not aware or seems not to be --  
16          confused and not aware that these things  
17          emanate from the budget process, and that the  
18          State Assembly as well as the Senate is  
19          involved, that we are involved in this  
20          process.

21                    I would like to also see if you would  
22          be able to help not just my mayor but other  
23          mayors who might also have this confusion in  
24          utilizing local talent in their local

1 communities, because it also would be a  
2 savings as well as an inspiration for the  
3 local community and also provide to those  
4 local -- in this case, my mayor, and in my  
5 village -- that there are programs that can  
6 help the community, such as Sustainable  
7 Community Development.

8 We have a project that's ongoing now  
9 that we could have used Sustainable Community  
10 Development without having an outside  
11 contractor come and put in a PILOT and take  
12 so much away from the local communities.

13 So I was wondering would you be  
14 amenable to providing that kind of training,  
15 not just to the mayor of Hempstead but to  
16 other villages and other localities who  
17 really do not have the access to how a bill  
18 becomes a law, the budget process, and how  
19 funds are really going from the state to the  
20 localities?

21 Unfortunately, the mayor is confused.  
22 It's not his fault, because this is an OJT  
23 type of job, you have to learn as you're on  
24 the job. But he's not aware that when those

1 funds go into the village, that they do  
2 emanate from the state process. Would you  
3 consider that?

4 MAYOR ROACH: Sure.

5 And Assemblywoman, I would say when I  
6 became a councilman 16 years ago, I drove up  
7 to Albany for the newly elected officials  
8 training that NYCOM offers, and I have been  
9 actively participating in training ever  
10 since, and I've found it extremely valuable.  
11 I even got to teach a class last year.

12 I will personally call the mayor --

13 ASSEMBLYWOMAN HOOPER: I appreciate  
14 that.

15 MAYOR ROACH: -- and get to the bottom  
16 of that part of it. Just by coincidence, he  
17 is working actually with our Youth Bureau  
18 now. I know he wants to establish a Youth  
19 Bureau. We have a very successful Youth  
20 Bureau in White Plains, we're already working  
21 with --

22 ASSEMBLYWOMAN HOOPER: If you're aware  
23 that if you are to get funds for the Youth  
24 Bureau, that --

1                   MAYOR ROACH: Well, we're going to  
2                   help, we're going to work on that, and I'm  
3                   going to call --

4                   ASSEMBLYWOMAN HOOPER: -- that we are  
5                   involved. Because he's not aware that the  
6                   state is involved in any funds that go into  
7                   the village. He says that the state is not  
8                   involved, that the Governor sends the money,  
9                   and straight to him. It's not his fault, I'm  
10                  not beating him up, it's just that I would  
11                  appreciate it, if you would, help him to  
12                  understand the process.

13                  MAYOR ROACH: Okay, and we're working  
14                  with him on the Youth Bureau. And I also met  
15                  a couple of the council members at the fall  
16                  training school, and we had a great  
17                  conversation, so --

18                  ASSEMBLYWOMAN HOOPER: I'd appreciate  
19                  it if you would help him to --

20                  MAYOR ROACH: -- so happy to help out.

21                  ASSEMBLYWOMAN HOOPER: -- to dispel  
22                  the confusion, because it has caused a civil  
23                  dispute in the community with two very large,  
24                  very important organizations that are

1           fighting because the mayor unwittingly has  
2           given information that is incorrect -- not  
3           because he intended to, but he has caused a  
4           serious problem.

5                     I would appreciate your input.

6                     MAYOR ROACH: I will do everything  
7           except wade into middle of whatever this  
8           dispute is. Because I've got my own.

9                     ASSEMBLYWOMAN HOOPER: No, no, I don't  
10          want --

11                    MAYOR ROACH: I will be happy --

12                    ASSEMBLYWOMAN HOOPER: -- I'm not  
13          going to wade into the dispute --

14                    MAYOR ROACH: No, I'm not --

15                    ASSEMBLYWOMAN HOOPER: Please, please,  
16          please. I'm not going to wade into the  
17          dispute either.

18                    MAYOR ROACH: Yeah.

19                    ASSEMBLYWOMAN HOOPER: I'm just asking  
20          that you would help --

21                    MAYOR ROACH: Absolutely.

22                    ASSEMBLYWOMAN HOOPER: -- through  
23          training, through your conference, so that  
24          these type of things -- I'm sure it's not



1           just in the Village of Hempstead.

2                   MAYOR ROACH:   Yup.

3                   ASSEMBLYWOMAN HOOPER:   I'm sure there  
4           are other mayors and other executives who  
5           don't understand the budget process and how  
6           funds are funneled into the localities.   So  
7           your assistance here is greatly appreciated  
8           and very much needed.

9                   But I'm not asking you to get into a  
10          civil dispute.

11                  MAYOR ROACH:   I'll make the call  
12          tomorrow.

13                  ASSEMBLYWOMAN HOOPER:   I'd appreciate  
14          it very much.   You can indicate that it was  
15          brought up here at the budget hearing.

16                  MAYOR ROACH:   Absolutely.

17                  ASSEMBLYWOMAN HOOPER:   Thank you  
18          kindly.

19                  MAYOR ROACH:   Thank you very much.

20                  CHAIRMAN FARRELL:   Thank you.  
21          Senator?

22                  CHAIRWOMAN YOUNG:   Senator Krueger.

23                  SENATOR KRUEGER:   Thank you so much.  
24          You know, you come and testify every

1           year. I appreciate hearing from you. And  
2           you talk about a number of things that if  
3           only we could get this done at the state  
4           level. One of the examples today was the --  
5           what are they called, the G -- the utility  
6           share.

7                   MR. BAYNES: Gross receipts. Gross  
8           receipts.

9                   SENATOR KRUEGER: Thank you, the GRT.  
10           Who's stopping us from doing this? It  
11           doesn't seem like it should be that hard for  
12           us to fix it for you. Why don't we get it  
13           done?

14                   MR. BAYNES: Well, you know, we have  
15           tried -- we've tried different means of  
16           trying to fix the problem. We are pursuing  
17           regulatory efforts. We have committed,  
18           though, this year to trying to seek a  
19           legislative solution. We do know that it's  
20           always a challenge to get -- even closing tax  
21           loopholes can be misrepresented by some  
22           politically as a tax increase. And that  
23           makes it a difficult thing to get through  
24           legislative bodies.

1           But it is something, as you've heard  
2           today from several of the city mayors, the  
3           GRT, the local gross receipts tax, the  
4           noncompliance by the ESCOs by several of the  
5           utility companies in Western and Central  
6           New York are leading to millions of dollars  
7           of unpaid taxes. So it's an important issue,  
8           and we're certainly committed to working with  
9           the Legislature to see if they can be the  
10          answer to the problem.

11           SENATOR KRUEGER: Because in your  
12          testimony, it was a two-parter, a two-part  
13          issue. But personally, like I think the  
14          ESCOs are a scandal, and the Public Service  
15          Commission attempted to rein them in and  
16          there are suits and countersuits. But, you  
17          know, they actually end up costing the  
18          consumers who live in your districts more  
19          money than whatever they were paying before.  
20          As you point out, you can never get taxes  
21          from them because nobody can ever, ever  
22          really figure out who the hell they are.

23                 So I think, one, you should support  
24          the state efforts to try to do away with

1           these scam ESCOs. But also, if you come  
2           together as one negotiating entity, can you  
3           in some way force the utilities to have to  
4           pay their fair share of taxes to you?

5                   MAYOR ROACH: Well, Senator, an  
6           interesting point. In Westchester we were  
7           the first to do community choice aggregation,  
8           which the Public Service Commission pushed  
9           forward because of the problems with the  
10          ESCOs, and we formed Sustainable Westchester.

11                   And in White Plains, that is now the  
12          default power provider. It is cheaper than  
13          the ConEd-provided power, and it's green.  
14          You could opt between green or brown, and the  
15          green was just a fraction of a penny -- you  
16          know, just a couple of pennies more, so we  
17          went for the green.

18                   But the nice thing about it is -- and  
19          it was NYCOM's suggestion -- when we put out  
20          the RFP, you had to agree that you were going  
21          to pay the taxes you're supposed to pay. And  
22          so now we have a county that the default ESCO  
23          is going to be paying the taxes. And -- and  
24          the residents are saving money.

1           Senator, you're exactly right, because  
2           I am shocked by the number of people who --  
3           it must be 20-some-odd years since we had the  
4           deregulation. And, you know, when you first  
5           sign up, you look up who's the best price.  
6           Then you forget about it. Two years later,  
7           you check your bill and you realize, I'm  
8           paying more money than anybody would.

9           The nice thing about the community  
10          choice aggregation is you have an entity that  
11          is constantly -- the next time the contract  
12          comes up, they're going to negotiate it again  
13          for you, it's not something that you have to  
14          be a part of.

15          So I think as that rolls out across  
16          the state, that could be a very beneficiary  
17          program in that regard.

18          MR. BAYNES: We also had come together  
19          as an association several years ago -- Mayor  
20          Warren alluded to this, but we went to Tax  
21          and Finance to get them to issue an advisory  
22          opinion -- unfortunately, it's just advisory,  
23          not binding -- but clarifying what the  
24          obligations of the ESCOs and the utilities

1           are. Unfortunately, it's just an advisory  
2           opinion. Compliance hasn't been what we  
3           thought it would be.

4                     We've now gone and met with the chair  
5           of the PSC to talk about how on the ESCO  
6           front we can use the current deliberations  
7           the PSC is having with the ESCOs to try to  
8           leverage compliance on the GRT. And  
9           hopefully that bears fruit.

10                    SENATOR KRUEGER: And you didn't  
11           testify on this, but I had asked the City of  
12           New York earlier. The proposed change in the  
13           Internet tax collection, do you see that as a  
14           revenue generator for you at the local level?  
15           Or not significant enough to really --

16                    MR. BAYNES: We're supportive of  
17           expanding -- you know, being able to capture  
18           as much of the Internet-based sales as  
19           possible. Sales -- as we allude to in our  
20           testimony, sales tax collections have really  
21           flattened out over the past several years and  
22           are -- especially for our cities, are a  
23           key -- almost as much revenue as the property  
24           tax. So when they're losing sales tax, it

1 usually means it's got to be made up for with  
2 the property tax. So we are supportive of  
3 that.

4 SENATOR KRUEGER: And you're going to  
5 lose sales tax because we're losing  
6 bricks-and-mortar stores. I mean, I know  
7 White Plains, I don't know everybody's  
8 communities, but the statistics are an  
9 unbelievable share of American consumerism is  
10 shifting out of stores and into Internet  
11 sales. Which means, you know, there's a lot  
12 of action for truck deliveries and  
13 warehouses, but your communities are losing  
14 jobs at the retail level, you're losing taxes  
15 from the retail stores. And I think we have  
16 to recognize collecting those taxes for you  
17 through Internet sales systems.

18 MR. BAYNES: As the world changes, the  
19 tax laws have to modernize with them, for  
20 sure.

21 MAYOR ROACH: I mean, I have people  
22 ask me why are so many restaurants on  
23 Mamaroneck Avenue now, and I explain to them,  
24 you know, the days when my mother would take

1 me shopping before school and we'd go to  
2 Buster Brown, and then we'd walk up the block  
3 to Thom McAn, are over.

4 So you're having specialized retail,  
5 you're having experiential retail, and you  
6 need people living in your downtown, because  
7 then it is more convenient than the Internet  
8 if they can walk up the block. But you're  
9 going to see more and more service-oriented  
10 facilities -- restaurants and things like  
11 that.

12 SENATOR KRUEGER: Thank you very much  
13 for your work, all of you.

14 MAYOR ROACH: Thank you. Thank you  
15 for your work as well.

16 MR. BAYNES: Thank you.

17 CHAIRMAN FARRELL: Assemblyman Oaks.

18 ASSEMBLYMAN OAKS: Yes, just a couple  
19 of questions.

20 Executive Director Baynes, you  
21 mentioned, on the health issue, the barrier  
22 of not allowing the cooperative or the joint  
23 effort if you're under 100 employees. So  
24 that is something certainly if there isn't



1       legislation now, whether that's a budget fix  
2       or separate from that -- certainly I know a  
3       lot of municipalities I represent might be  
4       able to benefit and could be interested in  
5       that.

6               Mayor Miner talked about  
7       incentivizing, not mandating cooperation. I  
8       know you gave examples, as various mayors  
9       have here today, of cooperatively working  
10      together. So it seems like we've made  
11      progress. Certainly there's always room to  
12      grow, but we've gotten there. But it's like  
13      taxes continue to be, you know, impacted by  
14      continuing costs that we have, and so we  
15      continue to nip around the edges but not do a  
16      whole lot on the mandate relief side.

17             Certainly from my perspective, you  
18      know, you mentioned one thing, you know, that  
19      could work just in tweaking the law, but  
20      working with NYCOM to come up with other  
21      mandate relief things that could make greater  
22      strides at that. I know the bigger the  
23      mandate, the tougher the ability to get it  
24      done. But as Senator Krueger said "Well, why

1           don't we do it," well, you know, why don't we  
2           do more on the mandates?

3                     MR. BAYNES: Right. I mean, that's --  
4           I agree with everything you said.

5                     There is one bit of mandate relief in  
6           the budget which isn't world-changing, I  
7           wouldn't say, but would mean important  
8           revenue to local governments, and that's the  
9           interest rate on judgments, which in New York  
10          State has been a flat 9 percent statutorily  
11          for years and years. It was first put at  
12          9 percent back during the, I guess, late '70s  
13          when interest rates went through the roof.  
14          But interest rates have been very low for  
15          years and years, and local governments and  
16          the state are still paying 9 percent, a flat  
17          9 percent interest rate on judgments.

18                    To make that a market rate to float,  
19          you know, with what you could make on that  
20          money if you invested it, would help local  
21          governments quite a bit. I think it would  
22          also accelerate the resolution of lawsuits  
23          and legal actions against municipalities,  
24          because right now it's in the plaintiff's

1 interest to stall because they're making  
2 9 percent on their money when they ultimately  
3 get their claim.

4 ASSEMBLYMAN OAKS: Thank you.

5 MAYOR ROACH: I would just note that  
6 often cited as mandate relief is the Medicaid  
7 being picked up at a greater share by the  
8 state. But of course that benefits the  
9 counties. And we love the counties, but  
10 that's not mandate relief for the localities.

11 ASSEMBLYMAN OAKS: Understood.

12 Thank you.

13 CHAIRMAN FARRELL: Thank you.

14 Senator?

15 CHAIRWOMAN YOUNG: I believe the  
16 Senators are done. So we truly appreciate  
17 your participation today and wish you well,  
18 and we'll continue to work with you.

19 MR. BAYNES: Thank you, Senator.

20 CHAIRMAN FARRELL: Assemblyman Otis to  
21 close.

22 ASSEMBLYMAN OTIS: Thank you,  
23 Mr. Chairman.

24 Thank you for your testimony. I just

1       noted first, Mayor Roach, you fulfilled the  
2       most important responsibility of a mayor at  
3       the beginning of your statement, which is you  
4       are a tremendous booster for your community,  
5       which is what every mayor should do. You do  
6       it very well.

7               MAYOR ROACH: Thank you.

8               ASSEMBLYMAN OTIS: So thank you for  
9       all the facts about White Plains.

10              A couple of questions. Just to make  
11      it clear -- well, first, thank you in your  
12      testimony for NYCOM's strong support for the  
13      water infrastructure funding in past years  
14      and the Governor's proposal. And NYCOM is  
15      strongly in support of that proposal, which  
16      is of assistance to local governments. So  
17      kudos on that.

18              But one of the things that both Peter  
19      and Tom, your testimony touched upon, is that  
20      there's a lot of shared service activity that  
21      the state actually really doesn't know about.  
22      Because if nobody applies for a grant or puts  
23      it in some other submission to the state,  
24      it's going on via what you do with a

1       neighboring community, what you do with a  
2       school district.

3               So any further elaboration on that  
4       phenomenon? How prevalent is the shared  
5       service activity that the state doesn't  
6       necessarily hear about?

7               MAYOR ROACH: I do have another  
8       example that relates to water. So we're in a  
9       water district that serves Yonkers,  
10      Mount Vernon, Scarsdale and White Plains, and  
11      there's two shafts that bring water from the  
12      City of New York. One shaft the city treats  
13      with UV; the other shaft is not treated with  
14      UV. And the EPA now requires UV treatment.

15              The county runs the water district.  
16      They did not comply as quickly as they were  
17      supposed to, and we don't really have a say.  
18      But we met about it, and they proposed a  
19      different solution that would accelerate the  
20      process in which we can get the UV treatment  
21      started, but it would require sites in  
22      White Plains. And I said fine.

23              So they have now located -- this year  
24      they should both be completed, two plants, on

1       our pump station sites, that will UV-treat  
2       the water. And that UV treatment is going to  
3       benefit the whole district. Because even the  
4       cities that were on the shaft that was  
5       getting UV treatment, had we not done this,  
6       they would have had to take some of that  
7       water and push it back up the other shaft.  
8       It's more complicated than you want to know.

9               But it was an example of, I think, we  
10       saw an opportunity to accelerate the process  
11       that would benefit all the communities,  
12       benefit all the residents, by making  
13       available space in White Plains.

14              ASSEMBLYMAN OTIS: And you are  
15       supportive of efforts to try and take down  
16       additional barriers for doing shared services  
17       where we can find them, or where you have  
18       obstacles in the law. I mean, you're doing a  
19       good thing. Sometimes it's hard for school  
20       districts to work with municipalities, but  
21       you found a way to do it.

22              In some other parts of the state,  
23       we've heard some municipalities say, well,  
24       it's a little harder and maybe just school

1 districts don't want to participate for one  
2 reason, and different bookkeeping and stuff.  
3 But I'd say that's one thing NYCOM is in  
4 support of, and I think we would enjoy, if  
5 there are little pieces of state law that we  
6 should be changing through this process to  
7 facilitate more shared services, your  
8 partnership would be a great thing.

9 MAYOR ROACH: We're lucky -- I mean,  
10 when you're in a city, so your school  
11 district has the same boundaries as the city,  
12 so it's all the same taxpayers. Where it  
13 gets complicated is if you're Lakeland School  
14 District, which is in Yorktown, and in  
15 Put Valley, and so you have different towns,  
16 it gets a little more complicated. I'm sure  
17 it can still be achieved.

18 But certainly we would welcome  
19 anything that would make it easier to share  
20 services. We're definitely always looking  
21 for ways to save money and improve service.

22 ASSEMBLYMAN OTIS: And you point out  
23 the obstacle in a lot of these is nonmatching  
24 jurisdictions and how to fairly account for

1 cost savings so that all taxpayers are  
2 treated fairly in that situation. So maybe  
3 we could come up with some ways to facilitate  
4 that, but --

5 MAYOR ROACH: You can even have  
6 communities where, by geography, there's a  
7 portion of the town or the village or the  
8 city that is kind of disconnected from the  
9 rest and yet adjacent to a neighboring  
10 community that could probably provide the  
11 services more easily. And that's the type of  
12 thing that you really can't do today. Maybe  
13 there's a way to work on that.

14 ASSEMBLYMAN OTIS: Great. Thank you  
15 very much. Appreciate it.

16 MAYOR ROACH: Thank you, Assemblyman.

17 CHAIRMAN FARRELL: Thank you.

18 Further questions?

19 Yes. Assemblyman Friend.

20 ASSEMBLYMAN FRIEND: Thank you,  
21 Chairman.

22 And thank you for your testimony this  
23 afternoon, really appreciate it. I haven't  
24 heard about this, and I noticed in your



1           testimony the idea that the property tax  
2           installment may be another unfunded mandate.  
3           Could you elaborate on that?

4                   MR. BAYNES:  Yes.  In the budget there  
5           is a proposal that would mandate every local  
6           government, including every school district,  
7           allow installment payment of property taxes.  
8           It doesn't sound that harmful initially, but  
9           the way it's structured is basically if a  
10          local government doesn't do anything to  
11          either opt out or alter the structure of that  
12          new installment program, it would allow any  
13          adequate delinquent property taxpayer to use  
14          a local government school district as a  
15          bank -- come in and pay a hundred this week,  
16          two weeks later pay 50, and just keep paying  
17          it over time.  Whereas the general rule with  
18          local government property taxes is you have  
19          to pay them all or you can't pay anything.

20                   So we don't think it was a really  
21          well-thought-out proposal.  There are already  
22          in statute options for local governments to  
23          do installment payments of -- to offer  
24          installment payments of property taxes.

1 Villages have their own provisions. Cities  
2 can do it via their charter. Schools, I  
3 believe, have the option already.

4 So there are the options and the means  
5 to do it. And where it makes sense  
6 financially and from an administrative point  
7 of view, local governments are doing it. But  
8 for the state to mandate it and then put the  
9 onus on local governments to opt out of this  
10 new, very loose installment payment program  
11 we don't think is appropriate. And it really  
12 is a mandate.

13 MAYOR ROACH: And we collect on behalf  
14 of the school district and on behalf of the  
15 county, and in Westchester we guarantee  
16 collection to the county as well, the  
17 localities. So that might be another wrinkle  
18 in there.

19 ASSEMBLYMAN FRIEND: And then also in  
20 your testimony here you also point out that  
21 you're not allowed to do proportional -- or  
22 the different fees, they have to be done  
23 proportionally. Also which would also be  
24 more complicated and add another layer

1 of confusion to the --

2 MR. BAYNES: Yes, with each  
3 installment payment you'd have to allocate  
4 the payment, the delinquency, among all the  
5 jurisdictions you collect on behalf of.

6 ASSEMBLYMAN FRIEND: So instead of  
7 streamlining the process, it's just made it  
8 more convoluted and put more of a burden on  
9 the localities again to have to take the --  
10 be proactive and opt out in the first place  
11 if they're not doing it.

12 MR. BAYNES: Exactly. Yes.

13 ASSEMBLYMAN FRIEND: Okay. Thank you.

14 CHAIRMAN FARRELL: Questions?  
15 Finished?

16 CHAIRWOMAN YOUNG: Finished.

17 CHAIRMAN FARRELL: Thank you very  
18 much.

19 MR. BAYNES: Thank you, Chairman.

20 CHAIRMAN FARRELL: Stephen J.  
21 Acquario, executive director, New York State  
22 Association of Counties, 3:15.

23 MR. ACQUARIO: Senator Young, good  
24 evening --

1                   CHAIRMAN FARRELL: Good evening.

2                   CHAIRWOMAN YOUNG: Good evening.

3                   Welcome.

4                   MR. ACQUARIO: Good evening,  
5                   Assemblyman Farrell, members of the  
6                   committee, Senators, members of the Assembly.

7                   My name is Stephen Acquario, and I'm  
8                   the executive director of the New York  
9                   Association of Counties. The association has  
10                  been in existence for nearly 100 years,  
11                  serving and representing county interests in  
12                  the State of New York.

13                  It is my pleasure to be with you here  
14                  this evening to offer some county perspective  
15                  on a state budget proposed by our chief  
16                  executive which is presently before you.

17                  I will condense my testimony, in the  
18                  interests of time. And in the testimony  
19                  that's before you, there's a section that  
20                  refers to it, where it's "Comments on the  
21                  Pending 2017/18 State Budget."

22                  I'll start by presenting to you some  
23                  net positive actions for county government  
24                  submitted by our governor, Andrew Cuomo. The

1 first area of positive policy, from our  
2 perspective, is the option to use  
3 design-build. NYSAC supports the Governor's  
4 proposal for granting counties the ability to  
5 use design-build contracts. This proposal,  
6 in our opinion, makes common sense and can  
7 lead to enhanced procurement savings but,  
8 more importantly, efficiencies. To maximize  
9 this proposal, we strongly encourage you to  
10 extended this authority to the City of  
11 New York.

12 The second benefit I would like to  
13 present to you is to update the state's  
14 Internet sales tax collection.

15 Some economists are estimating that  
16 e-commerce will reach nearly 10 percent of  
17 all retail sales nationwide by the end of  
18 2017. The state desperately needs to update  
19 its sales tax collection system to keep up  
20 with the changes in the retail marketplace.  
21 Counties in New York support the Governor's  
22 proposal to improve the sales tax collection  
23 system. The budget proposal will help  
24 streamline sales tax collection practices,

1       reduce the burdens on small vendors, and  
2       improve compliance.

3               These taxes are already owed under  
4       state law, and sales tax is the number-one  
5       source of revenue for nearly half of  
6       New York's county governments, with more than  
7       one-quarter of all local sales tax being  
8       shared with other municipalities in the  
9       county.

10              These improvements recognize the  
11       changing retail marketplace and will provide  
12       more stability in sales tax collections for  
13       the state and its local governments while  
14       enhancing fairness in the overall retail  
15       market that supports locally owned and  
16       operated New York businesses.

17              The third provision of net positive  
18       benefit to New York's counties is under the  
19       911 communications section. The Executive  
20       Budget proposal includes legislation to  
21       extend the 911 public safety surcharge from  
22       contracted, which are postpaid, cellphone  
23       devices to prepaid devices. Often when you  
24       walk into a retail store today, you can no

1       longer get a contract cellphone. It is  
2       largely prepaid cellphone contracts. Our  
3       system simply hasn't kept up -- our laws  
4       haven't kept up with the changes in  
5       technology.

6               This is absolutely essential to ensure  
7       all those who benefit from the e-911 system  
8       contribute its appropriate share. The  
9       legislation would require sellers to collect  
10      a surcharge on the sale of each prepaid  
11      wireless communication service or device sold  
12      within the state. The market shift from  
13      contract plans to prepaid wireless, which is  
14      currently not subject to the surcharge, is  
15      leading to a steady decline of revenues.

16             The surcharge currently imposed on  
17      postpaid wireless service is \$1.20 on each  
18      device per month. Under Governor Andrew  
19      Cuomo's proposal, the surcharge would be  
20      extended to the sale of each prepaid service  
21      or device at the rate of 60 cents per retail  
22      sale that is \$30 or less, and \$1.20 per  
23      retail sale over \$30.

24             I'd like to thank Assemblyman John

1 McDonald for spearheading this issue in the  
2 New York State Assembly during the 2016  
3 legislative session. And we are grateful for  
4 the Governor to include this proposal in this  
5 year's budget.

6 The next benefit I'd like to express  
7 our support for is reforms to Early  
8 Intervention. Counties strongly support  
9 needed reforms to the Early Intervention  
10 program. Counties support reforms requiring  
11 insurers to pay for benefits covered by the  
12 child's health insurance policy, to abide by  
13 existing prompt pay requirements, and to  
14 increase reimbursement from third-party  
15 insurers. These issues have been ongoing for  
16 years, and the state's counties and their  
17 taxpayers will benefit from these reforms.

18 Counties greatly support the  
19 additional \$30 million in funding to address  
20 the heroin and opioid abuse crisis that  
21 plagues our state.

22 I'd like to now turn your attention to  
23 cost shifts in the state budget. The  
24 Governor's proposed budget calls for a



1 reduction of \$21.8 million, or a 4.6 percent  
2 reduction in community college base aid from  
3 the state. With the enrollment growth of the  
4 recession and the enrollment decline  
5 post-recession, community colleges have  
6 basically returned to 2008 enrollment, and  
7 state aid levels are forcing us to operate as  
8 though we are still in 2008.

9 With respect to free college tuition,  
10 we are expressing a concern with the proposal  
11 that mainly applies or focuses on state  
12 four-year free college tuition. And the  
13 impact on counties and community colleges as  
14 a consequence of this action could penalize  
15 the state's counties and the community  
16 college system.

17 With respect to indigent defense, I'd  
18 like to commend the State Legislature for  
19 taking the bold action in a bipartisan  
20 unanimous vote during the 2016 legislative  
21 session to begin a multiyear phaseout of the  
22 county contribution in funding and  
23 administering indigent defense in the State  
24 of New York. This is the state's

1 constitutional responsibility. You stood up  
2 for the people of this state. That  
3 legislation was vetoed, and the legislation  
4 that's before you is simply inadequate.

5 The Governor's proposed budget  
6 provides no new funding for the 52 counties  
7 not subject to the Hurrell-Harring  
8 settlement. Instead, the budget requires the  
9 Office of Indigent Legal Services to submit a  
10 plan by the end of 2017 that lays out a  
11 strategy for expanding the terms of the state  
12 settlement for the rest of the counties  
13 across the state. Under this proposal the  
14 counties, not the state, must up-front any  
15 expansion costs, and the state may reimburse  
16 those costs they deem necessary to extend  
17 these reforms.

18 It is important to note that this  
19 proposed reimbursement model is only  
20 applicable to expanded services, and nothing  
21 is allocated for the current base cost  
22 counties are funding on this program,  
23 \$380 million annually. We can and should do  
24 better.

1           Finally, the Governor's budget does  
2           not address the recently enacted state-issued  
3           eligibility standard guidelines which  
4           commence on April 1, 2017. Even if we did  
5           nothing this session with reforming indigent  
6           defense, the expanded guidelines will blow up  
7           our programs all across this state, given the  
8           costs necessary to fund these expanded  
9           guidelines, which now will cover families  
10          below 250 percent of the federal income level  
11          for poverty. Some counties have reported  
12          that almost every resident in their county  
13          will become eligible once this standard is  
14          effective.

15          Because of these shortcomings,  
16          counties do not support the Governor's  
17          indigent defense proposal. We strongly  
18          encourage the Legislature to revisit the  
19          unanimously passed indigent defense  
20          legislation from last year. And if the  
21          Governor's proposed expansions stay in the  
22          budget, we ask that at the very least you  
23          prefund the county costs of any new expansion  
24          in services.

1           With respect to human services cost  
2           shifts, under the Foster Care Block Grant the  
3           pending budget before you includes some  
4           significant cost shifts which we have not  
5           seen from this State Legislature or this  
6           Governor in years. The Governor is proposing  
7           cost shifts from the state to the counties  
8           under the Foster Care Block Grant. The state  
9           is proposing to lower its current funding  
10          percentage from the 54 percent presently to  
11          50 percent. When asked why the change, the  
12          answer was simply: "We think it should be  
13          equal, 50/50." We are opposed to these cost  
14          shifts.

15          Under Title XX allocation, the state  
16          budget proposes a shift in how counties can  
17          use Title XX funding by mandating that  
18          \$23 million must be used for childcare  
19          services. NYSAC also opposed this proposal.

20          With respect to raising the age of  
21          criminal responsibility, counties have  
22          supported the public policy goals of raising  
23          the age of criminal responsibility from 16 to  
24          18 for nonviolent offenses, but we have also

1 consistently raised concerns about the cost  
2 of these actions. And the county district  
3 attorneys have also raised concerns about  
4 their responsibility with this policy change  
5 as well.

6 The Governor's proposed budget again  
7 calls for the Raise the Age, but it has been  
8 modified from prior years. The Governor's  
9 latest proposal no longer provides  
10 100 percent state reimbursement of all new  
11 costs incurred by the counties to implement  
12 this proposal. Therefore, NYSAC cannot  
13 support this proposal with the removal of  
14 this 100 percent reimbursement guarantee in  
15 earlier versions.

16 Two other items of concern. Under  
17 public health, counties oppose the  
18 Executive's recommendation to consolidate 39  
19 public health appropriations into four pools  
20 and to reduce the funding for each pool by  
21 20 percent. These are the Article 6 public  
22 health streams that counties use on behalf of  
23 the state.

24 Other items of concern are also

1 contained in the budget testimony that you  
2 have before you, but I would like to conclude  
3 by discussing the shared services referendum  
4 proposal.

5 Counties have implemented shared  
6 services and governmental efficiency programs  
7 for decades, and we will continue to do so.  
8 As we highlighted earlier, counties have  
9 constrained spending significantly to ensure  
10 taxpayers receive effective and efficient  
11 service delivery. Governor Cuomo has long  
12 crusaded to promote greater intergovernmental  
13 partnerships between and amongst the local  
14 governments.

15 We support this crusade. In fact,  
16 counties submitted \$882 million in shared  
17 services and government efficiencies plans  
18 under the legislation championed by this  
19 Governor and approved by this Legislature  
20 just a couple of years ago. These  
21 initiatives are currently being implemented  
22 for county budget years 2017, 2018, and 2019.

23 While we continue to aggressively  
24 pursue shared services and improved

1 government operations, we do believe that  
2 more can always be done and we should never  
3 settle for the status quo. To this end, we  
4 look forward to working with Governor Cuomo  
5 and the State Legislature to identify the  
6 appropriate mechanism to foster greater  
7 cooperation amongst the local governmental  
8 jurisdictions and our school districts.

9 So with that said, I'll stop the  
10 prepared testimony. Thank you very much for  
11 this opportunity as well.

12 CHAIRMAN FARRELL: Thank you.

13 Questions? Mr. McDonald.

14 ASSEMBLYMAN McDONALD: Thank you,  
15 Mr. Chairman.

16 And Steve, it's good to see you once  
17 again.

18 MR. ACQUARIO: Thank you.

19 ASSEMBLYMAN McDONALD: I have various  
20 questions, so just hang onto the wheel here.

21 I think last year there was, at least  
22 from some of the county executives I work  
23 with, concerns about a change that we had  
24 made in the Legislature about the salary of

1 district attorneys, that we increased it and  
2 there was no funding to follow it. I think  
3 we've had a pretty good track record the last  
4 several years of trying not to increase  
5 unfunded mandates.

6 Is that still a concern? I know you  
7 have hundreds and hundreds of concerns, but  
8 is that still a concern of your membership?  
9 And what's the value of that?

10 MR. ACQUARIO: There are many concerns  
11 from the counties' perspective. But to  
12 answer your direct question, it's about a  
13 million dollars, just slightly over,  
14 \$1.6 million. It's not even a rounding  
15 error, as has been thrown around recently in  
16 this town. But it's a million dollars.

17 It's a matter of principle. Look, for  
18 the past 50 years the State of New York, when  
19 it has adjusted the salary, which is  
20 enforcing the state's Penal Law on behalf of  
21 the people of the State of New York -- that's  
22 the charge of the district attorney. There's  
23 no greater case for when the state mandates a  
24 local government salary to go up, that it pay



1           for it. And for the past 50 years, you have  
2           done that.

3                     We don't understand why you have not  
4           done that -- but another increase is coming  
5           in 2018 as well for the same district  
6           attorney salary. So we do ask that the state  
7           act now. The Senate has passed this  
8           legislation in the past. We hope that the  
9           Assembly will follow suit, incorporate it  
10          into the terms of the State Budget. While it  
11          is nominal in cost, its important is great.

12                    ASSEMBLYMAN McDONALD: Let's jump on  
13          to the 911 funding. You talked about the  
14          move towards prepaid cards, which obviously  
15          we all agree with. And obviously there's a  
16          reasonableness to what the Governor has  
17          proposed in regards to the value of the card  
18          and therefore the tax.

19                    In regards to the actual revenue  
20          that's raised, there's been a lot of  
21          discussion in the past about what percentage  
22          actually flips over, for lack of a better  
23          term, to the counties, particularly for Next  
24          Gen 911. What is the position of the

1           counties on that one?

2                   MR. ACQUARIO: Well, I'd like to call  
3           on David Lucas in a minute to help me with  
4           some of the numbers. But presently I believe  
5           that counties are receiving about  
6           \$75 million, plus \$10 million for the public  
7           safety answering points consolidation. But I  
8           think that phases out and we're really  
9           looking at a \$75 million pot presently, under  
10          the current collection of the \$1.20 by the  
11          state.

12                   Most of that fund should be coming  
13          back to us. I don't know how much is  
14          collected in total. Dave?

15                   MR. LUCAS: Close to \$180 million is  
16          collected statewide, and we end up with about  
17          \$85 million of it.

18                   MR. ACQUARIO: Presently.

19                   ASSEMBLYMAN McDONALD: So \$180 million  
20          is collected, \$85 million goes back to the  
21          counties.

22                   MR. LUCAS: And we do support the  
23          Governor's current proposal to extend this to  
24          prepaid. Because just as in the sales tax

1 Internet process, we're losing because the  
2 marketplace has shifted and our tax base  
3 doesn't keep up.

4 As we read the proposal -- we're  
5 double-checking -- it appears that the state  
6 is keeping all of the money from the shift to  
7 prepaid. They do allow us at the local level  
8 to extend our surcharge to the prepaid, but  
9 it appears that they're not raising the grant  
10 levels that are coming back for 911 services.  
11 So the state will ultimately keep even more  
12 money than they are currently today. So  
13 we're trying to get clarification from the  
14 Executive on that.

15 ASSEMBLYMAN McDONALD: I would just  
16 make a comment in regards to the college  
17 tuition, particularly community colleges.

18 You know, I think everyone likes the  
19 concept of free college, although there's a  
20 lot of wrinkles that go along with that. But  
21 I do philosophically have an issue with the  
22 fact that the state hasn't maintained its  
23 commitment for a long period of time. We  
24 proposed a cut here on the FTE aid, and still

1       we're talk about moving off in a different  
2       venture. One would argue that if we actually  
3       kept up our commitment, maybe we wouldn't be  
4       having to have this discussion about free  
5       college and our students wouldn't be seeing  
6       such exorbitant tuition.

7               And the only other thing I wanted to  
8       mention on the shared services initiative, I  
9       don't know if I really understood your  
10      position. I mean, I understand a position  
11      that, hey, we've been doing this, we've been  
12      doing shared services for a period of time,  
13      we continue to work with our municipal  
14      partners -- but I guess the way I see this is  
15      being set up is that the chief administrative  
16      officer of the county is basically us, and is  
17      in charge. And I don't know if I agree with  
18      that philosophy.

19             Do your county executives really  
20      relish this opportunity to be kind of leading  
21      this charge on what could be a little bit of  
22      a fractionalized process?

23             MR. ACQUARIO: Well, we welcome the  
24      opportunity to work with our local

1 governments. We are totally supportive of  
2 enhanced shared services. We completely  
3 support government efficiencies.

4 The plan that's presently before you  
5 is technically flawed and should be rejected.  
6 Do county officials see themselves as a  
7 convener of this process? They are open to  
8 doing that, in partnership with their local  
9 governments, in cooperation with their local  
10 governments. The need for a referendum of  
11 this magnitude, in our estimation, in some  
12 instances is a ministerial action. That's an  
13 MOU executed between two local government  
14 chief elected officials. That's why they're  
15 elected. So whether or not there's a need  
16 for a referendum to disturb the people with  
17 their precious time, I don't know if that's  
18 the case yet.

19 ASSEMBLYMAN McDONALD: Thank you.

20 Thank you, Mr. Chairman.

21 CHAIRMAN FARRELL: Further questions?

22 CHAIRWOMAN YOUNG: Thank you very  
23 much. Senator Marchione would like to ask  
24 some questions.

1                   SENATOR MARCHIONE: Thank you.

2                   First of all, I'd like to say thank  
3                   you for your concise testimony. To have it  
4                   broken down the way you did made it very  
5                   understandable where the counties stand.  
6                   Although the county executives have never  
7                   been shy in telling us how much of their  
8                   budget is because of the mandates that we at  
9                   this level have sent down to them.

10                  I know -- and you didn't discuss it  
11                  today, but I know you've asked for a state  
12                  911 board. What do you envision the mission  
13                  of that board to be?

14                  MR. ACQUARIO: I'm very glad that you  
15                  raised that question. We have discussed this  
16                  with Assemblyman McDonald in the past about  
17                  the need, when we were discussing the  
18                  surcharge. And we believe that the present  
19                  mechanism that the state distributes the  
20                  cellular surcharge is contrary to federal  
21                  intention.

22                  Therefore, we believe that there's a  
23                  better way to distribute the funds from the  
24                  state that are collected on cellular devices.

1           And a way to do that would be to create a  
2           state e-911 board, which would be a better  
3           mechanism to distribute it to the counties,  
4           to retain some for the state operations if  
5           they need it for public safety purposes. But  
6           the cellular surcharge, by federal law, is  
7           supposed to go for e-911 services, and that  
8           has not been the case. So we do think a  
9           board would help with the distribution of the  
10          funding.

11                 SENATOR MARCHIONE: Thank you. That's  
12          all I have.

13                 MR. ACQUARIO: Thank you.

14                 CHAIRMAN FARRELL: Thank you. Thank  
15          you very much.

16                 SENATOR KRUEGER: Do you have  
17          questions?

18                 CHAIRWOMAN YOUNG: Oh, sorry, we've  
19          been joined by John Brooks.

20                 SENATOR BROOKS: Hi, I just want to  
21          ask a question on the shared services  
22          agreement. You've been doing that for an  
23          extended period of time, and that's  
24          anticipated in the '17 and '18 budgets going

1 forward.

2 MR. ACQUARIO: Yes.

3 SENATOR BROOKS: Can you think of any  
4 huge area that's been overlooked in that  
5 process, or something that the state should  
6 help and assist in a consolidation effort?

7 MR. ACQUARIO: I think the ability for  
8 the local governments to come together and --  
9 retiree health insurance, in health  
10 insurance, is -- we are precluded from doing  
11 so under Article 47 of the Insurance Law.  
12 The amount of capitalization that is  
13 required -- the statute was put in place  
14 30 years ago. And during its tenure of  
15 existence, one county and its municipalities  
16 came together, a few years ago in Tompkins  
17 County.

18 The present statute is outdated,  
19 antiquated. With the new health insurance  
20 options that are available, local governments  
21 in Western New York, local governments in the  
22 Capital District, right here in Schenectady,  
23 are interested in working together with their  
24 counties in health insurance.



1                   And the other area is in workers'  
2                   compensation and the ability to have  
3                   deductible plans provided so we can have a  
4                   public-private partnership with the workers'  
5                   comp carriers and taxpayers to help fund the  
6                   workers' compensation liability.

7                   So workers' compensation and health  
8                   insurance would be two areas where I think we  
9                   could use help.

10                  SENATOR BROOKS: Thank you.

11                  MR. ACQUARIO: Thank you again.

12                  CHAIRWOMAN YOUNG: I think we're all  
13                  set, so thank you for the great testimony.  
14                  Look forward to working with you.

15                  MR. ACQUARIO: Thank you, Senator.

16                  CHAIRMAN FARRELL: Thank you.

17                  Gerry Geist, executive director,  
18                  Association of Towns of the State of  
19                  New York; Bill Moehle, supervisor, Town of  
20                  Brighton, Monroe County; Ed Theobald,  
21                  supervisor, Town of Manlius, Onondaga County;  
22                  and Rebecca Haines, town clerk, Town of  
23                  Ellery, Chattanooga -- how do you pronounce  
24                  it?

1                   CHAIRWOMAN YOUNG: Chautauqua.

2                   CHAIRMAN FARRELL: Thank you,  
3 Chautauqua.

4                   CHAIRWOMAN YOUNG: Chautauqua County.

5                   MR. GEIST: Mr. Chairman, Madam  
6 Chairwoman, thank you for inviting our  
7 association tonight to present our  
8 perspective on the Governor's 2017 Executive  
9 Budget. My name is Gerry Geist. I'm the  
10 executive director of the Association of  
11 Towns. And with me to my far left, as you  
12 said, is Supervisor Bill Moehle, Town of  
13 Brighton, Monroe County. Next to me on my  
14 immediate left is Rebecca Haines, town clerk,  
15 Town of Ellery, Chautauqua County. And on my  
16 right, Ed Theobald, supervisor, Town of  
17 Manlius, Onondaga County.

18                   We want to express our sincere  
19 gratitude to the State Legislature for the  
20 monies towns received through the PAVE NY and  
21 BRIDGE NY programs. We especially are  
22 grateful for your continued support for  
23 infrastructure improvements and looking at  
24 clean water and our aging water system.

1           I would like to strongly urge you to  
2           increase AIM funding and to increase CHIPS.  
3           Particularly with AIM, we have not had an  
4           increase in eight years, and now we are faced  
5           with its elimination.

6           Rather than commenting on the budget  
7           in detail, which we did in our written  
8           remarks, I want to focus on the importance of  
9           town government and the efficiency with which  
10          towns provide services and manage their  
11          affairs. I have three elected town officials  
12          with me who will give you specific examples  
13          of just that.

14          But before I turn the microphone over  
15          to them, I want to comment on the way towns  
16          have been unfairly and incorrectly singled  
17          out as a major factor in rising property  
18          taxes.

19          The Governor's repeated misstatements  
20          and characterizations that towns cause high  
21          property taxes are unfair and inaccurate.  
22          The fact of the matter is towns constitute  
23          only 11 percent of the property tax levy.

24          Furthermore, the Governor's proposal

1           to make AIM funding contingent on  
2           consolidation and shared services is not only  
3           an affront to towns, but is also an attempt  
4           to usurp authority from the State  
5           Legislature. Introducing a plan that ties  
6           AIM funding to a voter referendum on shared  
7           services creates a lacuna which ensnares  
8           everyone.

9                     This stark and unrealistic approach  
10           fosters a miasmic feeling among many  
11           New Yorkers, especially when the record is  
12           clear: Towns are great stewards of the  
13           public tax dollars, and sharing services is  
14           what we do best and we'll continue to do so.

15                    If the Governor's plan is adopted, the  
16           partnership between local government and the  
17           state will be irreparably harmed. However, I  
18           think we can work together to come up with a  
19           better solution. For example, creating  
20           incentive programs that reward municipalities  
21           for adopting true savings and other  
22           efficiencies with getting additional funding  
23           would better serve everyone in this great  
24           state.

1                   Working together requires everyone  
2           involved to understand the role that towns  
3           play in the fabric of New York. I am asking  
4           the Governor and the members of the State  
5           Legislature to join me in visiting our towns  
6           and their officials. Let's learn firsthand  
7           how we've been doing shared service programs  
8           and saving taxpayer dollars.

9                   And with that, I'd like to turn it  
10          over to our people who are on the ground, our  
11          elected officials, to share some of their  
12          thoughts.

13                   First, Town Clerk Rebecca Haines.

14                   TOWN CLERK HAINES: Thank you, Gerry.

15                   First off, I would like to say thank  
16          you so much for your time and your attention.  
17          You're fellow elected officials in the State  
18          of New York, and I know how hard you work. I  
19          know my own Senator, my own Assemblyman, are  
20          examples of the time you put in, and I can't  
21          even imagine being in your shoes.

22                   So with that, I would say my name is  
23          Rebecca Haines and I am the town clerk and  
24          tax collector for the Town of Ellery, and

1       that's in Chautauqua County. I also serve as  
2       the fourth vice president for our Association  
3       of Towns.

4               Now, approximately two weeks ago the  
5       Governor introduced the Countywide Shared  
6       Services Property Tax Savings Plan as part of  
7       his 2017-2018 Executive Budget proposal,  
8       which among other things requires each county  
9       to develop a property tax savings plan for  
10      shared and efficient services among local  
11      governments within the county.

12             And I know we all can agree that this  
13      is a great idea. We're all for saving money  
14      and sharing, and I think you'd be  
15      hard-pressed to find a locality that wouldn't  
16      agree with that. But the Governor's  
17      suggestion that a county plan is needed to  
18      solve the real property tax problem, that the  
19      work that I do with the residents of the town  
20      can be done at a county level, is just not  
21      so.

22             Towns are already streamlined and  
23      efficient. My office is a perfect example.  
24      I'm not only the town clerk, I'm the tax

1 collector. I'm very busy this time of year,  
2 as I'm sure all of you who come from local  
3 government know -- but some things are  
4 important enough to call me away from my  
5 office, and this is one of them.

6 I am -- under default, the town clerk  
7 is the tax collector in many areas, but in  
8 fact in some areas it's not. But really,  
9 65 percent of town clerks collect taxes. And  
10 many also collect school taxes.

11 When it comes to my residents, I'm a  
12 clearinghouse. I'm there for my residents.  
13 If they need me, they call me. They have my  
14 home phone number. They know where to reach  
15 me. I'm a member of my community. I make  
16 every effort to meet with them if I can't be  
17 in the office for some reason. And at this  
18 time of year, there's only one thing that  
19 would call me out of my office, and that  
20 would be to come over here.

21 When it comes to tax savings at our  
22 level, that's not what we need. We need tax  
23 relief from higher up. The governments at  
24 our level are efficient, and they're working

1           together. Let's be frank. The towns are not  
2           the problem. The real drivers behind high  
3           property taxes in New York are cuts to aid to  
4           municipalities, real property tax exemptions,  
5           and state and federal policies that are  
6           required to be implemented and financed at  
7           the local level.

8                     Now, to illustrate, my own town tax  
9           bill. I have a number of properties; I chose  
10          one of them. My town tax bill, including a  
11          fire district tax, is only 10 percent of my  
12          overall tax bill. So you can see that my  
13          town tax is not an issue for me. And it's  
14          not for most people.

15                    A major contributing factor to higher  
16          property taxes is the number of exempt  
17          properties in the state, the value of which  
18          is astounding. As highlighted in the recent  
19          Gannett News series, 31 percent of New York's  
20          land value is tax-exempt. I couldn't believe  
21          that number. To me, that's just incredible.

22                    This takes \$866 billion off the tax  
23          rolls. And I said it correctly, billion with  
24          a B. That's huge. In less than 20 years,



1 religious exemptions have nearly doubled,  
2 from \$14 billion in 1999 to \$26 billion in  
3 2015.

4 Even though tax-exempt properties do  
5 not pay taxes, they still receive services.  
6 And if they're not paying for those services,  
7 it falls to Joe and Jane Taxpayer, it falls  
8 to all of us in this room to pay for that.

9 As a result of the number of exempt  
10 properties throughout the state, local  
11 governments are forced to shift the tax  
12 burden. We recognize that some exemptions  
13 are constitutionally derived, but the courts  
14 have expanded those ideals to the detriment  
15 of homeowners, small businesses, and farmers.  
16 We know you have looked into this in the  
17 past, and we would like to work with you to  
18 address this and begin to solve the real  
19 property tax problem in the state.

20 And as far as my testimony goes, that  
21 sounds kind of negative, and I don't mean it  
22 as such. I just want to highlight some of  
23 our issues at our local level.

24 But one thing that I have to say is

1       that I am totally in favor of the Part F of  
2       the revenue Article 7 legislation authorizing  
3       partial payments of taxes. My area has a lot  
4       of senior citizens and quite a few low-income  
5       people, and they could really use this  
6       relief. It would be great for them. I know  
7       it has to be tweaked in different areas, but  
8       I think listening to town residents and  
9       people countywide, at least over in  
10      Chautauqua County, they would welcome this  
11      because they could pay their taxes in partial  
12      payments and we could add a surcharge. We  
13      could also, at a local level, limit the  
14      number of payments. And it would all work  
15      together to help us help our residents, and  
16      everybody would benefit from that.

17                So in closing, I would like to say  
18      thank you very much for your time. I  
19      appreciate it very much, and it's a pleasure  
20      to be here.

21                CHAIRWOMAN YOUNG: Thank you.

22                MR. GEIST: Supervisor Theobald.

23                SUPERVISOR THEOBALD: Yes. Good  
24      evening. And yes it is, it is evening.

1           First I would like to thank the Senate  
2           Finance Committee, Madam Chair; Assembly Ways  
3           and Means Committee, Chairman Farrell; and  
4           distinguished legislators for giving me the  
5           opportunity to speak with you today on behalf  
6           of the Association of Towns.

7           As Executive Director Geist stated, I  
8           am town supervisor for the Town of Manlius,  
9           and we are the third largest town by  
10          population in Onondaga County, out of 19  
11          towns. We have around 32,000 residents, with  
12          which we have three villages: Minoa, not to  
13          be confused with Mineola, we have  
14          Fayetteville and Manlius. We also have two  
15          school districts and one town police  
16          department -- which, by the way, was  
17          consolidated with the three villages and town  
18          in 1985, under then Town Supervisor Richard  
19          Lowenberg.

20          My concerns, which I would like to  
21          address today, is Part 4 of the budget named  
22          Countywide Shared Services Property Tax  
23          Savings Plan, which I believe the title is a  
24          misnomer. There's no real proof that this

1 directive will give any tax savings to our  
2 residents the way it is structured.

3 As opposed to this top-down approach,  
4 I recommend that we continue our bottom-up  
5 approach which we have been providing to our  
6 residents -- tax savings consolidation proven  
7 over many years, such as the townwide police  
8 consolidation I mentioned earlier.

9 We also work closely with the  
10 sheriff's department in the county. The  
11 sheriff was at one time the DeWitt chief of  
12 police, a neighboring municipality. His  
13 undersheriff we work closely with was a  
14 captain on our police department. When he  
15 retired, he became one of our board members,  
16 and now he's undersheriff with the county.

17 We have a very good working  
18 relationship with him and our police chief,  
19 Marlowe, and they've been working together  
20 for shared services in such things as special  
21 forces and other things we're looking into.

22 Six years ago, we successfully  
23 renegotiated a snowplow contract between  
24 Onondaga County and the towns, working

1       closely with our county legislators and  
2       county executive's office, and which is  
3       coming up for renewal this year.

4               Five years ago, with the combined  
5       efforts between our four fire departments --  
6       there are three protection districts and one  
7       district -- we successfully implemented an  
8       organizational consolidation program where  
9       they would work together, in cooperation with  
10      the fire chiefs, with joint purchasing, a  
11      shared equipment program, and training for  
12      firefighters, just to name a few.

13             A few weeks ago, when we had a major  
14      snowstorm, I happened to look out my window  
15      in Minoa, and a town snowplow went flying by.  
16      So I asked our highway superintendent, "What  
17      was that all about?" And he says, "Oh, yeah,  
18      their DPW supervisor, Tom, called me because  
19      one of their plows broke down, so they needed  
20      one. We loaned them ours for the day."

21             Now, try not to be shocked when I  
22      mention this. Do they stay stop the presses  
23      anymore? I don't even know if that's  
24      popular. But just reaching out to our

1       neighboring municipality to help, there  
2       was -- there was -- where am I here? Sorry.  
3       Reaching out to our neighboring municipality  
4       for help, I cannot imagine this type of  
5       process in helping -- there were no lawyers  
6       involved, no contracts involved, and this  
7       was -- I can't imagine the county doing this  
8       as efficiently as we did with the highway  
9       department or any DPW, for that matter.

10               To wrap this up, I just wanted to  
11       mention the Town of Manlius's fiscal  
12       concerns. There really aren't any. We,  
13       along with all of the other 18 towns in the  
14       county, have the lowest ratings with the New  
15       York State Comptroller's fiscal stress  
16       monitoring system. Our town's average growth  
17       in tax rate has been under 2 percent for the  
18       last 15 years, and in fact in the last two  
19       years we've actually reduced our tax rate.  
20       And this with the unfunded mandates that we  
21       have to deal with each budget year.

22               We were also under the 2 percent tax  
23       cap -- again, a misnomer, as we all know --  
24       which was actually 0.68 percent last year.

1           And in 2016, our budget was also under the  
2           tax cap but, due to the infrastructure work  
3           in one of our drainage districts, that put us  
4           over the top. Again, that's why I think we  
5           should look at major infrastructure work like  
6           school districts do; they should not be  
7           included in the Governor's current tax  
8           program.

9                        So I really think that Albany needs to  
10          get, you know, their house in order before  
11          they continue to control towns' and villages'  
12          fiscal responsibilities by forcing  
13          consolidation programs with the county.

14                       Thank you.

15                       MR. GEIST: Supervisor Moehle, to wrap  
16          this up.

17                       SUPERVISOR MOEHLE: Thank you.

18                       Good evening. Thank you, Chairman  
19          Farrell, Chairwoman Young, all of the  
20          Assemblymembers and Senators that are here.  
21          Thanks for sticking it out. I know it's been  
22          a long day.

23                       I'm Bill Moehle. I'm the supervisor  
24          of the Town of Brighton in Monroe County.

1 Brighton is a suburb of Rochester which has a  
2 population of about 37,000. I will take  
3 Assemblymember Otis's advice and cheerlead a  
4 little bit for my town as well. That  
5 population of 37,000 grows to about 100,000  
6 every day, or at least every weekday. We are  
7 the home of Monroe Community College, and we  
8 are increasingly, as the University of  
9 Rochester expands, the home of more and more  
10 of the university. Between those two  
11 institutions, there are over 30,000 students,  
12 and those are two of the very largest  
13 employers in Monroe County.

14 Brighton is a thriving and a diverse  
15 community. But we're an inner-ring suburb,  
16 and we have an infrastructure that in many  
17 cases dates back to the 19th century. And we  
18 also have residents that expect a high level  
19 of government services, as I think all of our  
20 constituents do. We certainly appreciate the  
21 support and the assistance that we've  
22 received from the state over the years in  
23 providing that level of service.

24 I applaud the Governor for his goal of



1       ensuring that local governments operate in an  
2       efficient manner. I think everyone in local  
3       government, and frankly in state government,  
4       believe that's their goal every day when we  
5       go into work. However, because local  
6       government truly is the government that is  
7       closest to the people, it is also the  
8       government that is most responsive to local  
9       needs.

10               In Brighton, at least, we look every  
11       day for ways to provide services more  
12       efficiently. And by using state-authorized  
13       special improvement districts, we're doing so  
14       in a way that ensures that only those  
15       residents that receive certain governmental  
16       services are being charged for those  
17       services.

18               Now, we've all heard about the  
19       10,000-plus local governments. Mr. Baynes  
20       and NYCOM debunked that notion earlier. But  
21       by that count, Brighton would have 121 local  
22       governments in addition to the Town of  
23       Brighton itself. But I want to put a face to  
24       those local governments, because we are

1       using -- as I mentioned before, we are  
2       using -- those are special improvement  
3       districts, and we are using them to provide  
4       services efficiently. But again, to make  
5       sure that only the people that receive  
6       services are paying for them.

7               Our 121 districts include 53 refuse  
8       districts, 26 street lighting districts,  
9       18 sidewalk snow-removal districts, seven  
10      sidewalk districts, four pure water  
11      districts, four sewer districts, two park  
12      districts, two neighborhood improvement  
13      districts -- a creature unique to the town of  
14      Brighton -- and a business improvement  
15      district, an ambulance district, and a fire  
16      protection district.

17             Now, that sounds like a lot, but the  
18      reality -- and it is, but the reality is  
19      those are not separate governmental entities.  
20      None of those entities have their own  
21      separate administrative staff. They're all  
22      engaged in providing services traditionally  
23      provided by local government. But again,  
24      because we use special improvement districts

1 to provide those services, they're being paid  
2 for by the people that receive them -- in  
3 some cases townwide, but in most cases by a  
4 very much smaller portion of the population.

5 And in fact I believe that the  
6 formation and the existence of those special  
7 improvement districts is actually the purest  
8 form of grassroots democracy. Nearly all of  
9 those districts have been formed under  
10 Article 12 of the Town Law of the State of  
11 New York, which allows residents of the town  
12 to petition their town board to establish a  
13 district. The petition must be notarized,  
14 must be signed by property owners owning at  
15 least 50 percent of the assessed value of  
16 property in the proposed district, and  
17 50 percent of the resident owners.

18 I see Senator Marchione smiling.  
19 You've lived that, I know, in your term, and  
20 there may be others of you.

21 But before that district can be  
22 formed, we must also hold a public hearing to  
23 give residents, not just those who live in  
24 the district, but any resident the

1 opportunity to weigh in.

2 But these are community residents,  
3 neighborhood residents that have come to us  
4 and said "Please, tax us."

5 (Laughter.)

6 SUPERVISOR MOEHLE: And I know that's  
7 hard to believe. "Please, provide this  
8 service. I want you to charge me for that  
9 service."

10 And why do they do that? Because  
11 they're coming to us asking us to provide a  
12 service that frankly they can't easily  
13 provide for themselves.

14 I talked about 53 refuse districts a  
15 moment ago. Well, let me explain how that  
16 came to be and what that means for us. Those  
17 53 refuse districts have nearly 4,000  
18 homeowners belonging to them. Each one of  
19 those homeowners is paying a district charge,  
20 to have their refuse picked up for a year, of  
21 just over \$200 a year. Why do we have so  
22 many of them? They've been formed over time,  
23 over many years, long -- I've been supervisor  
24 for five years, so for many years before I

1           became supervisor.

2                   But neighborhoods have come to us  
3           asking for those refuse districts, as many as  
4           400 in a neighborhood and one as small as  
5           seven. We've kept those individual  
6           neighborhood districts that have been  
7           petitioned for. We've not consolidated them,  
8           frankly so that smaller refuse haulers that  
9           may not be able to serve the entire town  
10          would still feel they can bid and keep the  
11          bidding competitive.

12                   Now, currently Waste Management does  
13          have the contract for the entire -- for all  
14          of those districts, all 53 districts. At  
15          just over \$200 a year, that's a savings per  
16          property owner of \$150 over the rack rate, if  
17          you will, the Waste Management list price for  
18          individual homeowners that don't live in a  
19          district that get on the phone, call Waste  
20          Management, "How much would it cost to  
21          provide the service?"

22                   Four thousand homes, \$150 a year  
23          savings, \$600,000 a year that the Town of  
24          Brighton is saving our taxpayers, our

1 property owners, just by using these refuse  
2 districts.

3 And I would note that every time our  
4 residents come to us asking us to form  
5 another refuse district -- and they continue  
6 to do that -- we spread the word. Other  
7 types of districts, sidewalk snow-removal  
8 districts, 25 bucks a year. A lot cheaper  
9 than getting the high school student down the  
10 street to shovel your walk, if they remember  
11 to show up.

12 But we still encourage residents to  
13 form these districts, even though every time  
14 we do, it counts against our tax cap. So at  
15 some level you could say it's against our  
16 interest. Well, that's not why we're in  
17 office. We're there to serve our residents.  
18 We're saving them money.

19 I do want to touch on one other  
20 example. And again, I'll thank  
21 Assemblymember Otis, because you asked about  
22 other types of cooperation. And in Brighton  
23 and in Monroe County, one of the ways we've  
24 been operating cooperatively for many years,

1           long before the more recent talk about  
2           consolidating services -- and we may be the  
3           exception. I know we're the exception. Not  
4           a lot of counties do this. But Brighton and  
5           the other towns in Monroe County plow state  
6           highways in Monroe County, county highways in  
7           Monroe County. We have intermunicipal  
8           agreements. In Brighton we plow 41 lane  
9           miles of state highway, many more lane miles  
10          of county highway.

11                 The Governor has suggested that not  
12          every town needs a \$300,000 truck. I will  
13          say that we bought those trucks for a lot  
14          less than \$300,000. But we do need them.  
15          And not only do we use them on our streets,  
16          but when we're driving down those county  
17          highways, those state highways on our way to  
18          our neighborhood, it would be inefficient to  
19          raise the plow. We plow those streets. We  
20          keep them clean. And we save the state  
21          having to buy those snowplows of their own.

22                 That's just one example of how we are  
23          working in Monroe County and in the Town of  
24          Brighton to operate efficiently and I believe

1           effectively. I appreciate your taking the  
2           time to listen to us. And again, thank you  
3           for your support over the years.

4                   CHAIRMAN FARRELL: Thank you.  
5                   Senator?

6                   CHAIRWOMAN YOUNG: I want to thank  
7           everyone for your testimony today. And it's  
8           great to hear from people on the front lines.

9                   And I especially want to thank Rebecca  
10          Haines, who is the great town clerk in the  
11          Town of Ellery. And she gets the prize,  
12          because I do believe she is the person who  
13          came from the furthest away to testify during  
14          the entire day of hearings. So I want to  
15          thank you for that. And I want to thank you  
16          for your commitment to the taxpayers and to  
17          the community. And I want you to give my  
18          regards, please, to Supervisor Johnson and  
19          all of the town board and everybody back  
20          home.

21                   You know, it's very interesting to  
22          hear people talk about shared services,  
23          consolidations, and that sort of thing. And  
24          I think what we know is that, upstate



1       especially, those efforts have been ongoing  
2       for many, many years. And it's been out of  
3       necessity.

4               I represent, as Rebecca knows, a lot  
5       of smaller towns, very rural towns, and they  
6       do not have large tax bases. So the point  
7       about not having enough equipment maybe to do  
8       a road project, these towns have gotten  
9       together over the years to be able to get the  
10      job done, work together efficiently. And I  
11      know that they meet on a regular basis too,  
12      also to find out creative ways that we can  
13      address this issue.

14             So I appreciate, you know, some of our  
15      suburban towns too coming today too, because  
16      you've been doing the same sorts of things.  
17      And I think what we've got to focus on, as  
18      Rebecca I believe brought up, is more of a  
19      carrot rather than a stick incentive for  
20      localities to be able to come up with even  
21      more creative ways to save the taxpayers  
22      money. Because I think that's what it's all  
23      about, obviously, is that we want to save the  
24      taxpayers money. We want to be efficient.

1       We want to be lean and mean. But at the same  
2       time, we need to be able to deliver those  
3       services on the local level in the best  
4       manner possible.

5               So if people have ideas, and we've  
6       talked about these, about further things we  
7       can do to incentivize localities to be able  
8       to achieve this, I think we should.

9               You know, I think it's -- we don't  
10      have a lot of dissolutions. But I will tell  
11      you that in Chautauqua County right now, in  
12      four days there will be a vote in Cherry  
13      Creek, New York, as to whether to dissolve  
14      the village there. And it will go to the  
15      voters, which is appropriate. But I can  
16      think of many different localities over the  
17      years -- East Randolph, for example,  
18      others -- that have decided it made sense not  
19      to continue operating, it made sense to the  
20      local community not to continue with another  
21      layer of government. And so the people  
22      decided.

23              And I think really that's what this  
24      should be about, is letting the people decide

1           what's best for their communities, what  
2           works, and how we can continue to deliver the  
3           best services possible.

4                       So I would encourage all of you, and  
5           the association especially, to continue to  
6           stay in touch with the Legislature. And if  
7           you have ideas, especially as we go through  
8           this budget process, to come up with new ways  
9           that we should look at saving taxpayer money  
10          but at the same time maintaining services,  
11          please, please, please let us know.

12                      MR. GEIST: Thank you, Senator.

13                      SUPERVISOR MOEHLE: Thank you.

14                      SUPERVISOR THEOBALD: Thank you.

15                      TOWN CLERK HAINES: We appreciate it.

16                      CHAIRWOMAN YOUNG: I think Senator  
17          Marchione has a question.

18                      SENATOR MARCHIONE: Thank you,  
19          Senator.

20                      I don't have a question, I just want  
21          to say thank you. You know, listening to  
22          both of the town supervisors, and the town  
23          clerk, because I was both at one point -- at  
24          different times, of course -- but it just

1 brings back such memories on how towns work  
2 and how efficient they try to be and the  
3 cost-saving measures that they implement.

4 And when asked about the Governor's  
5 proposal, my first reaction was they've been  
6 sharing services for years. And it's a  
7 handshake, and you bring the equipment over,  
8 and you're helping the fire company. You  
9 just -- everybody works together. And you  
10 are the government closest to the people, I  
11 think with the most scrutiny on everything  
12 that you do, and you work diligently, both at  
13 home and at the office.

14 I just want to say thank you, and we  
15 are here to assist you in any way that we  
16 can.

17 MR. GEIST: Thank you, Senator.

18 SUPERVISOR THEOBALD: Thank you.

19 TOWN CLERK HAINES: We appreciate it.

20 CHAIRMAN FARRELL: Thank you. Yes?

21 ASSEMBLYMAN OTIS: I just want to  
22 announce that John McDonald and I are sharing  
23 services with questions. We've been doing  
24 this, it's more efficient for everybody.

1 (Laughter.)

2 ASSEMBLYMAN OTIS: But I want to thank  
3 all four of you for the texture that you've  
4 given, each of you in your testimony, to how  
5 the shared-service activities are going on  
6 just on an ongoing basis, on a long-term  
7 basis, and on an evolving basis as different  
8 things occur.

9 Bill, a question for you about the  
10 plowing. So are the county and the state  
11 reimbursing you for any of that?

12 SUPERVISOR MOEHLE: Oh, yes.

13 (Laughter.)

14 ASSEMBLYMAN OTIS: Okay, glad to hear  
15 it.

16 SUPERVISOR MOEHLE: It's an  
17 interesting -- it's a formula that takes into  
18 account even factors -- topography, and those  
19 parts of the county that are closer to the  
20 lake that receive more snow.

21 So it's a formula that we have worked  
22 out for many, many years. And it's a classic  
23 example. And it's a long range, but at the  
24 same time we also have much more informal

1       lending agreements, as have been talked  
2       about, where the different departments share  
3       equipment back and forth. And most recently,  
4       someone talked about a fire earlier. The  
5       Town of Irondequoit just had a fire, but it  
6       was a fire in their own highway barn. And  
7       the towns, Brighton included, stepped up and  
8       offered equipment to the Town of Irondequoit  
9       to be able to continue plowing their streets.

10               But yes, it's a good working  
11       relationship with the state and the county,  
12       and it truly makes all the sense in the  
13       world. And by the way, we have a similar  
14       arrangement -- one of our main streets starts  
15       in the Town of Brighton, then goes to the  
16       Town of Pittsford for about a mile, and then  
17       returns to the Town of Brighton. It would  
18       obviously make no sense for Pittsford to take  
19       their truck to the middle, so on a much  
20       smaller basis, we do the same thing with the  
21       Town of Pittsford -- plow that mile, and they  
22       reimburse us as well.

23               ASSEMBLYMAN OTIS: I'm most impressed  
24       that there's a lake effect factor in the

1 reimbursement formula. That's very  
2 important.

3 So thank you, Mr. Chairman, and thank  
4 all of you.

5 CHAIRWOMAN YOUNG: Thank you.

6 CHAIRMAN FARRELL: Thank you.

7 SPEAKERS: Thank you very much.

8 CHAIRWOMAN YOUNG: Oh, Senator Krueger  
9 has a question.

10 SENATOR KRUEGER: I'm sorry. I do  
11 appreciate everyone's time and testimony.

12 So I'm a big-city girl, from New York  
13 City. So you finally gave me an  
14 understanding of why all these special  
15 districts. But I still want to test out one  
16 theory with you.

17 Economy of scale. Couldn't you get  
18 the better deal even if you just had one  
19 negotiating entity to deal with the garbage  
20 haulers?

21 SUPERVISOR MOEHLE: Perhaps. And  
22 Senator, thank you, because you -- I recall  
23 last year when we were here, you were most  
24 engaged with us. And having lived in

1       Manhattan going to law school myself, towns  
2       were not necessarily on my mind when I was  
3       there, so I appreciate that.

4               It's something we've discussed. But  
5       we did -- there are a number of local  
6       family-owned, women-owned, independent refuse  
7       haulers in the Rochester area. And our  
8       concern has always been that those smaller  
9       haulers might not have the scale to be able  
10      to bid on the whole town, but they might be  
11      willing to bid on the districts in the  
12      eastern part of town, for example.

13             It is something we've discussed. We  
14      might change to a -- you know, although it's  
15      sort of a quadrant type. But over time they  
16      truly have formed as individual  
17      neighborhoods. They hear about the savings.

18             And of course we would have to go  
19      through the state law consolidation process  
20      to reduce the number of districts. So there  
21      would certainly be time and effort engaged in  
22      reducing them.

23             So it's been a, you know, *comme ci*,  
24      *comme ça*.



1                   SENATOR KRUEGER: And how many staff  
2                   are there per district? Is there a way to --

3                   SUPERVISOR MOEHLE: Oh, there's no  
4                   staff.

5                   SENATOR KRUEGER: No staff.

6                   SUPERVISOR MOEHLE: The  
7                   administration -- you know, the district, all  
8                   of the work -- I shouldn't -- no  
9                   administrative staff. I mean, obviously we  
10                  have drivers of the sidewalk snowplows that  
11                  are plowing not only our arterial streets,  
12                  which are paid by all of our taxpayers, but  
13                  our individual neighborhood.

14                  But our -- the administrative staff  
15                  who gets on the phone and, you know, jangles  
16                  Waste Management if they fail to pick up a  
17                  house, or the sidewalk contractor if they  
18                  haven't fixed up -- those are existing Public  
19                  Works Department staff.

20                  SENATOR KRUEGER: All right. Thanks.

21                  MR. GEIST: Senator, thank you for  
22                  your continuing interest in these areas. I  
23                  just want to give you a quick little story  
24                  about shared services which has an

1 interesting story.

2 I was a town councilman in North  
3 Castle, Westchester County, for 24 years.  
4 And one of the things that I took great pride  
5 in, we have volunteer fire departments, and a  
6 group of citizens came to us and said, "We  
7 want advanced life support." Well, our  
8 current volunteer firefighters couldn't do  
9 it. And we got a proposal to do that service  
10 in our town; very prohibitive.

11 So we went and talked to our six  
12 neighboring town supervisors, and we sat down  
13 with them and said, "What if we do this  
14 together with the local hospital?" We came  
15 up with a plan that was 80 percent less from  
16 the one plan if we did it ourselves.

17 And so we thought it was a great  
18 benefit for our residents. And you know what  
19 we had to do in order to do this? We had to  
20 create a district, an ambulance advanced life  
21 support district.

22 So to us, it's not just about programs  
23 that save taxpayer dollars, it's also  
24 providing services and sharing the cost so

1       your residents get a quality service at a  
2       reduced rate. And sometimes you have to  
3       create these districts to achieve those goals  
4       under state law. And once again, it didn't  
5       have any administrative staff, as Supervisor  
6       Moehle pointed out.

7               We feel towns could be very creative  
8       just like that, and just as the supervisors  
9       and the town clerk have mentioned, in coming  
10      up with strategies that really benefit the  
11      residents and taxpayers of the State of  
12      New York. And we believe our story just  
13      hasn't been heard, and so it could be told  
14      better and understood. But we believe we  
15      really do a great job.

16             SENATOR KRUEGER: Thank you all very  
17      much.

18             MR. GEIST: Thank you.

19             CHAIRMAN FARRELL: Thank you.

20             CHAIRWOMAN YOUNG: Thank you. Safe  
21      travels.

22             CHAIRMAN FARRELL: League of Women  
23      Voters, Barbara Bartoletti, legislative  
24      director.

1 MS. BARTOLETTI: They're a hard group  
2 to follow. Very well done.

3 Good evening. My name is Barbara  
4 Bartoletti, and I am legislative director for  
5 the New York State League of Women Voters.

6 I'm here tonight to talk to you about  
7 an issue that I have been talking to you  
8 about now for probably -- except for Senator  
9 Brooks, and welcome, and the fiscal  
10 committees -- for probably three decades.  
11 The hour is very late, and you've all heard  
12 me do this before. I will go over just a few  
13 highlights. I'm going to be talking  
14 specifically about the Article 7 bills  
15 proposed in the Governor's budget on ethics.

16 I do want to just make you all aware  
17 that the League would prefer that the  
18 language was not, on this issue and several  
19 others, was not in Article 7 bills in the  
20 budget. We'd prefer that these issues be  
21 taken up standing alone, in front of the  
22 Legislature. And we do understand that  
23 the -- both houses have addressed this in  
24 some ways. The Assembly has passed many of

1       these measures. We do look perhaps to have  
2       the Senate address them in the near future.  
3       But I will highlight just a few of these  
4       issues.

5               For your benefit, Senator, I will tell  
6       you that the League is a multi-issue,  
7       nonpartisan but political organization. We  
8       have 51 leagues across New York State. And  
9       if you have participated at your local level,  
10      you have probably impacted our local leagues  
11      in your area.

12             The first issue I'm going to just  
13      highlight is that of outside income. We have  
14      long urged that all outside income of state  
15      legislators be subject to strict disclosure  
16      requirements. All clients and services  
17      should be disclosed if the matter involves  
18      business before the state, whether or not the  
19      legislator personally performed the services  
20      or referred the client.

21             The League also now, we do have member  
22      agreement and a new position dealing with and  
23      supporting a percentage limit on outside  
24      income, much like some of our other

1           good-government groups as well as how  
2           Congress does address this issue.

3                     We also have supported financial  
4           disclosure, which is in the Article 7 bill,  
5           disclosures for local elected officials.  
6           Ensuring transparency at all levels of  
7           government is, as you all know, crucial to  
8           restoring the public's trust in its  
9           government. Without strong safeguards to  
10          limit the influence of money in the political  
11          process, voter turnout -- something of course  
12          that we care passionately about -- voter  
13          turnout is diminished and the representative  
14          character of our democracy is undermined.

15                    The League supports this proposal but  
16          also urges the Legislature to consider adding  
17          strengthening procedures to JCOPE, the Joint  
18          Commission on Ethics.

19                    The other issue, of course, you've all  
20          heard from me for a very, very long time is  
21          the issue of campaign finance. Primarily one  
22          of the things we've certainly worked hard to  
23          accomplish is closure of the LLC loophole,  
24          making it subject to existing contribution

1 limits for corporations and publicly  
2 attributing these contributions back to their  
3 source.

4 This one measure is an important step  
5 toward reducing the influence of money in  
6 politics in our state. We have long  
7 supported stricter limits on contributions  
8 to, and the use of, and in fact have called  
9 for, over several decades, the banning of  
10 what we consider housekeeping accounts.  
11 You've all heard that from me also.

12 We consider that this housekeeping  
13 account has been misused from its original  
14 usage, and we hope that this can be  
15 accomplished in the very near future.

16 Contribution limits. We've been  
17 saying for a very long time that contribution  
18 limits need to be lowered. Of all the  
19 37 states in this nation that have  
20 contribution limits, ours are by far the  
21 highest.

22 The Governor's proposal of \$25,000 in  
23 housekeeping accounts we think is too high.  
24 We, as I said, would prefer to ban it, but we

1           certainly would consider more reasonable  
2           limits. But 25,000 is still too high.

3                   We have advocated for public financing  
4           of elections for a very, very long time. We  
5           did -- as you know, the Governor a couple of  
6           budgets ago -- I've been here for so long, it  
7           may have even been last session, but I think  
8           it was the session before -- where he did put  
9           public financing in the budget. However, it  
10          was for the single position of Comptroller.  
11          And the Comptroller said, No, thank you,  
12          which we supported, because we want it for  
13          all elected officials. And it never, as you  
14          know, did come to fruition at all.

15                   We have recently gotten into,  
16          following the latest scandal that has  
17          happened here in New York, gotten into the  
18          area of procurement, the bid rigging scandal  
19          that all of you are very familiar with. We  
20          do think that -- unlike the Governor -- the  
21          auditing power should be returned to the  
22          State Comptroller. That is where it belongs  
23          and where it was for considerable time. We  
24          think it would enhance the independent



1 oversight that is needed in that issue.

2 We support reforms that would  
3 strengthen the Freedom of Information Law and  
4 would help citizens have greater access to  
5 pertinent government documents. While we  
6 think the Governor's proposal is perhaps a  
7 first step, it fails to include the  
8 Governor's office and does not address other  
9 barriers citizens face when they seek  
10 information from our government. So if  
11 you're going to include the legislative  
12 branch, please do include the executive  
13 branch.

14 I think the last thing I will just  
15 make mention of is as all of you, I'm sure,  
16 are aware, this is the year when we will all  
17 vote in November on a constitutional  
18 convention. In the 2016-2017 budget, the  
19 Governor did put \$1 million into the budget  
20 for a constitutional convention commission.  
21 He has failed to do so in this budget. We  
22 have not actually -- we do intend to ask him  
23 why. Because I go back to not only the 1997  
24 convention, but back to Mario Cuomo, Governor

1       Cuomo's time, when he actually put forward  
2       proposals dealing with the issues, a  
3       commission dealing with specific issues that  
4       might be addressed in a constitutional  
5       convention.

6               Given the environment we currently  
7       find ourselves in, we think it would be  
8       remiss if we did not bring to your attention  
9       the fact that we do need to have a  
10       constitutional convention commission that  
11       will set forward areas that it is felt need  
12       to be addressed, whether it's -- we really  
13       don't think the whole State Constitution  
14       needs to be reopened. We would like to see  
15       particular pillars, which is I think the word  
16       that former Governor Mario Cuomo used.

17              But certainly we need to see enough  
18       money to do education around that  
19       constitutional convention question. And we  
20       do think that there should be a preconvention  
21       commission that would look at some of the  
22       issues that might need to be looked at within  
23       the Constitution.

24              So with that, it's a very late hour, I

1           would thank you for your attention. I know  
2           this issue is an issue we've all talked about  
3           for a very long time, but again I thank you  
4           for listening to us yet one more time.

5           Thank you.

6           CHAIRWOMAN YOUNG: Thank you.

7           CHAIRMAN FARRELL: Thank you.

8           Any questions? Mr. McDonald.

9           ASSEMBLYMAN McDONALD: Barbara, thank  
10          you, as always. And you're a constant  
11          fixture here at the Legislature, and when I'm  
12          out in my district, so two for one.

13          MS. BARTOLETTI: Yes, you do. You do  
14          represent me.

15          ASSEMBLYMAN McDONALD: That's right.  
16          Exactly.

17          You know, when you talk about  
18          contribution limits, I'm just curious. The  
19          discussion has been primarily at the  
20          statewide official position. Is there a  
21          position on maybe legislators, on what  
22          contribution limits they should be? Or is  
23          mostly discussion focused at the statewide  
24          level?

1                   MS. BARTOLETTI: No, we actually have  
2                   said for a very long time that contribution  
3                   limits for legislators should be commensurate  
4                   with what the Congress holds as -- and I  
5                   think -- I believe it's \$2,300, I think.

6                   We do, however, recognize that under  
7                   Citizens United, the spiraling of campaign  
8                   finance has gotten totally out of control and  
9                   that it -- I think maybe Senator Brooks could  
10                  comment about how much his campaign cost him.  
11                  And it does vary in the different areas or  
12                  the state. But sooner or later, you're going  
13                  to have to be very, very wealthy in order to  
14                  serve the public.

15                  And we think that would be  
16                  unconscionable for our democracy. We want  
17                  the pharmacists. We want the dairy farmer.  
18                  We want -- and I will tell you the  
19                  constitutional amendments, both of which the  
20                  Governor has included, we don't actually  
21                  agree with what -- in some of the  
22                  constitutional amendments -- we do not  
23                  support term limits for legislators. We do  
24                  support a four-year legislative span so that

1       you don't have to govern one year and run for  
2       election the next year. We think giving you  
3       about three years to govern would be a far  
4       better and more efficient way to do state  
5       government. And we do think that the ballot  
6       box is the best term limits.

7               We are aware, of course, of what our  
8       voter turnout has been in this state. We  
9       think there are some barriers to voting that  
10      if we broke down those barriers, we would  
11      have a better voter turnout. But we do also  
12      feel that people can't run for office anymore  
13      unless you can guarantee that you can either  
14      raise it from your private funds -- and that  
15      excludes 90 percent of the New York  
16      population.

17             So we would like public financing so  
18      that people could run for office. But  
19      barring that, which is a heavy lift, we would  
20      certainly want to see contribution limits  
21      come way down.

22             ASSEMBLYMAN McDONALD: Thank you.

23             Thank you, Mr. Chair.

24             MS. BARTOLETTI: I just would like to

1 comment too that Senator Marchione represents  
2 me also.

3 CHAIRMAN FARRELL: Anyone else?

4 SENATOR KRUEGER: Always appreciate  
5 your work, Barbara. Thank you.

6 MS. BARTOLETTI: Thank you so much.

7 CHAIRWOMAN YOUNG: Thank you, Barbara,  
8 for coming in.

9 CHAIRMAN FARRELL: I liked that last  
10 answer. Somebody finally understood. Term  
11 limits are called the poll. Every two years  
12 you get a limit.

13 MS. BARTOLETTI: Yes. You're  
14 absolutely correct.

15 Thank you again.

16 CHAIRMAN FARRELL: Thank you.

17 To close, Elena Sassower, director,  
18 Center for Judicial Accountability.

19 MS. SASSOWER: Thank you. Thank you.  
20 Just a moment to set up, please.

21 My name is Elena Sassower. I'm  
22 director and cofounder of the Center for  
23 Judicial Accountability, which is a  
24 nonpartisan, nonprofit citizens organization

1       that documents corruption in the judiciary --  
2       and in particular, because we are based in  
3       New York, corruption in the New York State  
4       judiciary.

5               The situation is as bad as it is, and  
6       it is because there has been no oversight by  
7       the committees of the Legislature that are  
8       charged with oversight responsibilities.  
9       We're speaking now of the Assembly Judiciary  
10      Committee and the Senate Judiciary Committee.  
11      Obviously the primary policing mechanism in  
12      this state is the Commission on Judicial  
13      Conduct. The Assembly Judiciary Committee  
14      has not held an oversight hearing of the  
15      operations of the Commission on Judicial  
16      Conduct since, I believe, 1987. The Senate  
17      Judiciary Committee has not held an oversight  
18      hearing of the Commission on Judicial Conduct  
19      since 2009.

20             That was when Senator John Sampson  
21      showed leadership that had been lacking from  
22      all his predecessors and began what he  
23      announced was going to be a series of  
24      hearings on the Commission on Judicial

1           Conduct and the attorney discipline  
2           disciplinary system. He held two, scheduled  
3           the third, and then aborted the third and  
4           continued no further. There were no -- there  
5           was no investigation of the testimony that he  
6           was presented with, the evidence supporting  
7           it. There were no findings of fact. There  
8           were no conclusions of law. The hearings  
9           were aborted because the testimony and the  
10          evidence supporting it was devastating of the  
11          corruption of the state commission.

12                 Now, likewise, there has been no  
13          oversight by any committees of the  
14          Legislature of judicial compensation, which  
15          this Legislature vested in two commissions, a  
16          commission on judicial compensation in 2011,  
17          and thereafter in 2015, in a commission on  
18          legislative, judicial and executive  
19          compensation.

20                 I'll go one step further. This  
21          Legislature refused to oversee what was going  
22          on and to examine the evidence presented to  
23          it that these commissions had rendered  
24          reports that were statutorily violative,



1           fraudulent, unconstitutional.

2                   As a result, salary increases took  
3           effect automatically by force of law. And  
4           with it, district attorney salary increases,  
5           because approximately 45 years ago, this  
6           Legislature took from the counties their  
7           authority to set the salaries of their  
8           district attorneys, who are county officers  
9           elected by the people of the counties. It  
10          was vested in the state, the state took over  
11          the setting of salaries, and the pretext  
12          was -- or one of the justifications was that  
13          enforcement of the Penal Law is a state  
14          interest and therefore the state was going to  
15          fix the salaries, going to correlate them  
16          with judicial salaries so that they would be  
17          high, they would attract the best and the  
18          brightest.

19                   And needless to say, there has not  
20          been any oversight in all these years. Not  
21          by the Judiciary Committees, not by the Codes  
22          Committees, not by the Committees on Local  
23          Governance of the Senate and Assembly, as to  
24          how, if, the district attorneys are

1       discharging their function of enforcing the  
2       Penal Law.

3               And there has been no examination of  
4       the provision in the County Law that was  
5       enacted to provide the counties with  
6       reimbursements. Since the state was taking  
7       over the setting of salaries, the counties  
8       wanted some reimbursement. And so you have  
9       County Law 700.8, 700.10, 700.11, as to which  
10      there has been no oversight.

11             Now, this mess, this mess created by  
12      the failure of the Legislature, with all  
13      respect, to discharge its duties, is  
14      presented in a lawsuit, a citizen taxpayer  
15      action which I authored and of which I am the  
16      individual plaintiff. It sets forth 10  
17      causes of action. And the thread throughout  
18      is the inaction, the dereliction, the  
19      malfeasance of the committees of the  
20      Legislature.

21             Why? Well, in part it's because the  
22      committees have no budget. And that's  
23      concealed by the Legislature's budget, which  
24      only identifies funding for the Ways and

1 Means Committee and in past years, and  
2 inferentially today, for the Senate Finance  
3 Committee. But the reality is that there is  
4 no funding for the committees. They have no  
5 resources, just like the member offices.  
6 When I call -- and I have called I think all  
7 of your offices, and I've had conversations,  
8 and I know that your staff doesn't have staff  
9 to really do the heavy lifting, the  
10 substantive work that needs to be done to  
11 serve constituents.

12           Okay. There is a citizen taxpayer  
13 action, 10 causes of action. It is addressed  
14 to the unconstitutionality of the Legislative  
15 Budget, Judiciary Budget, Executive Budget,  
16 and a raft of statutory violations,  
17 legislative rule violations that go into the  
18 mess that becomes the budget.

19           The budget is off the constitutional  
20 rails. And I have called your offices, and  
21 I -- three weeks ago, I implored leadership  
22 and the committee heads to meet with me,  
23 because I saw what was happening in this  
24 fiscal year. That all the violations, the

1 constitutional, the statutory, the rule  
2 violations were repeating themselves in a  
3 Groundhog Day fashion.

4 Why should that be? It's all laid out  
5 in the lawsuit. There are lawyers galore in  
6 the Senate and Assembly, including on the  
7 committees. They know how to read a  
8 pleading, the verified complaint, and to  
9 examine the record. And the record  
10 establishes an entitlement to summary  
11 judgment to the plaintiffs. Again, the  
12 budget is off the constitutional rails.

13 Now, what brings me here today to  
14 testify at this hearing -- and I thank you.  
15 And it's very late, and I recognize that you  
16 want to get on with it. But this is a lot of  
17 money. This is our government. The reason  
18 why Albany is dysfunctional, the Legislature  
19 is dysfunctional, has nothing to do with  
20 whether there are full-time legislators or  
21 part-time legislators, whether you earn  
22 outside income or not, whether we have public  
23 campaign financing or not. That is bogus.  
24 Because there is no difference,

1        empirically -- I've interacted with members  
2        of the Legislature for 25 years, and I can  
3        tell you there's no difference between a  
4        legislator who purports to be full-time or  
5        one who has outside work. There's no  
6        difference. The problem is that you don't  
7        have the resources and you are emasculated by  
8        rules.

9                And Senator Krueger, who was one of  
10       the champions of rule reform going way back,  
11       essentially abandoned that issue. Of course  
12       she waves the flag now and then. But she  
13       knows how to be forceful and to show  
14       leadership. It's the rules, it's the budget.

15               Okay, I want to conclude. And I am  
16       available always to meet with you, to examine  
17       how we move forward.

18               The tenth cause of action -- because  
19       you have a problem now. You have a very  
20       significant problem. The district attorneys  
21       now, by reason of the statutory link, are by  
22       \$50,000, \$60,000, \$70,000, \$80,000 -- maybe  
23       even more -- the highest paid officers in the  
24       counties, electeds in the counties. Other

1           than the judges, of course. In some counties  
2           the package, with the pensions and health  
3           insurance and all the rest of it, is about  
4           \$220,000 a year. This is upstate, Western  
5           New York, where the median household income  
6           is \$40,000, \$50,000, \$60,000?

7                     And this year, concealed in the  
8           Judiciary Budget, although recognized by the  
9           majority Yellow Book of the Assembly and  
10          White Book of the Senate, there's going to be  
11          an increase in judicial salaries. That's  
12          going to go into increases this year for DAs'  
13          salaries.

14                    Your appropriation this year that  
15          grants for district attorney salaries is  
16          identical to the appropriation last year and  
17          the year before. It's \$4,212,000. You know  
18          what happened last year. The counties were  
19          clamoring for you to pass separate  
20          legislation. You shouldn't be passing  
21          separate legislation to funnel additional  
22          salary reimbursement to the counties. You  
23          should be severing the link. You should be  
24          revisiting Judiciary Law 183-A to sever the

1 link.

2 And you should examine what is going  
3 on with the appropriation item. Because you  
4 have a law that defines the giving of  
5 reimbursement. That's 700.10, 700.11. If it  
6 needs to be amended, then you should be  
7 amending it. Instead, in the appropriation  
8 item, it identifies, notwithstanding, and  
9 proceeds to violate. Not only does it  
10 violate the provision giving reimbursement to  
11 the counties, but it adds counties which  
12 under Judiciary Law 183-A are not entitled to  
13 compensation. And those are the counties  
14 with under 40,000 people, excepting Essex  
15 County, which is for some reason -- obviously  
16 connections -- excluded in the statute.

17 The bottom line is that this is not a  
18 judiciary or legislative appropriation. And  
19 your duty under the Constitution -- and I  
20 read from Article VII, Section 4: "The  
21 Legislature may not alter an appropriation  
22 bill submitted by the Governor except to  
23 strike out or reduce items therein."

24 So you can't add -- if you want to add

1           on the increases this year as a result of the  
2           judicial increases that are going to effect,  
3           you can't add it here. You can only strike  
4           or reduce.

5                     Now, you already are on notice of the  
6           tenth cause of action laying out the multiple  
7           grounds on which the appropriation item last  
8           year -- that is replicated identically  
9           here -- suffers from all the same  
10          constitutional, legal infirmities. What I  
11          respectfully suggest -- because the only way  
12          you can -- you can't add to it, you can't --  
13          because of the court case, and I'm sure  
14          you're familiar with the court case, a  
15          consolidation of two cases, Silver against  
16          Pataki and Pataki against Assembly and  
17          Senate, you are constrained. You cannot  
18          remove the language and keep the monetary  
19          appropriation.

20                    So the only thing that you can do is  
21          strike that entire -- because what happens  
22          under the Constitution, you know, is that  
23          such an appropriation bill shall, when passed  
24          by both houses, be a law immediately without



1 further action by the Governor.

2 Your duty with respect to the Aid to  
3 Localities bill is to reduce appropriations,  
4 strike appropriations, and then between the  
5 Senate and Assembly, reconcile your bill and  
6 it never goes back to the Governor.

7 There is no -- you have no business  
8 with your one-house budget resolutions.  
9 They're completely off the constitutional  
10 rails. The Governor is out of it.

11 What you can do, I respectfully  
12 submit -- I have a solution for you on this  
13 issue. Under the Constitution, Article VII,  
14 Section 3, you can have the Governor -- you  
15 can request the Governor or heads of the  
16 departments to appear before you, and you  
17 can -- and the Governor additionally has  
18 30 days within which to amend his bills. You  
19 can give him notice that you want his 30-day  
20 amendments to include a revision of this DA  
21 salary reimbursement provision. He has  
22 30 days he can do it as of right. After  
23 that, he needs your leave.

24 And once he delivers something

1 acceptable to you, that is compliant with the  
2 law -- because what you have here is not  
3 compliant -- then you can include it in  
4 whatever appropriation bill you're going to  
5 enact. And as I said, under the  
6 Constitution, it takes effect immediately.  
7 It never goes back to the Governor. He's out  
8 of the picture. All your to-do about we've  
9 got to get an on-time budget -- it never goes  
10 back to the Governor. The timeliness is in  
11 your hands.

12 Thank you very much. I am of course  
13 available to answer any questions.

14 There is one additional matter that I  
15 feel constrained to bring up, and that is the  
16 three FOIL requests that were part of the  
17 tenth cause of action. If you notice, the  
18 Aid to Localities budget bill begins with --  
19 of course it announces at the top that the  
20 bill is submitted by the Governor pursuant to  
21 Article VII of the Constitution. Okay?

22 So -- but if you look at D, it says  
23 "No monies appropriated by this chapter shall  
24 be available for payment until a certificate

1 of approval has been issued by the Director  
2 of the Budget, who shall file such  
3 certificate with the Department of Audit and  
4 Control, the chairperson of the Senate  
5 Finance Committee, and the chairperson of the  
6 Assembly Ways and Means Committee."

7 On September 1st, I filed a FOIL  
8 request for such certificate by the director  
9 of the Division of the Budget, filed with  
10 you. The response came back from the Senate  
11 and Assembly that you have no certificate of  
12 authorization, of approval. And my FOIL  
13 request to the Division of Budget and to the  
14 Comptroller, well, they haven't produced  
15 anything yet.

16 Now, as to the other two FOIL  
17 requests, if you look at County Law 700.11,  
18 it vests in the Comptroller the  
19 responsibility to determine the  
20 appropriations for each county by way of the  
21 reimbursement.

22 Guess what? When I asked for the  
23 Comptroller's determinations as to the  
24 appropriations to be made to each county,

1 over the past -- I think I asked for the past  
2 seven, eight, 10 years, the response came  
3 back that the Comptroller -- the Comptroller,  
4 whose responsibility it is to fix these sums,  
5 he has no records.

6 The last FOIL request was for the plan  
7 for counties that do not otherwise qualify  
8 for reimbursement pursuant to Judicial Law  
9 183-A, the plan that is supposed to be done  
10 by the Criminal Justice Services and approved  
11 by the budget director.

12 They delayed, they delayed, they  
13 delayed. This is from July. I just got the  
14 responses on Friday, and the responses show  
15 that all they have done was to give to the  
16 counties under 40,000 -- that do not qualify  
17 for salary reimbursement, that are free to  
18 set their DAs' salaries however way they  
19 choose -- if they want to have a full-time  
20 DA, they can have a full-time DA, and they  
21 can fix the salary according to the local  
22 conditions. There is no reimbursement to  
23 which they are entitled.

24 Nonetheless, they have been given a

1 free ride. You're talking about five  
2 counties that have, it would seem now for the  
3 past 10 years or so, been -- okay, last  
4 thing. I know. Last thing. Okay?

5 CHAIRMAN FARRELL: Thank you very  
6 much.

7 MS. SASSOWER: One last thing. NYSAC  
8 testified, and they passed a resolution. And  
9 their resolution contains two  
10 misrepresentations of a material nature. One  
11 is "Whereas, for over 50 years, the state has  
12 funded all salary increases that they imposed  
13 on the counties." No. They have -- the  
14 state has not paid -- if you look at the most  
15 recent emendation of County Law 700.11, and  
16 it's recited in the tenth cause of action, it  
17 reimbursed the counties not fully, not a  
18 hundred percent -- which is what they want,  
19 and what has been snuck into the budget --  
20 but the reimbursement statutorily was fixed  
21 at between 36 and 42 percent.

22 The second misrepresentation. That is  
23 material, because it affects how you view  
24 this situation and your obligations. They

1 say, "Whereas, DAs are entitled to the  
2 compensation they are owed pursuant to state  
3 law for fulfilling the state constitutional  
4 and statutory duties related to the  
5 enforcement of the State Penal Law."

6 What committee of the Legislature has  
7 ever held a hearing as to whether in fact the  
8 DAs are discharging their duty? They are  
9 not. And they are not discharging it  
10 specifically with respect to the information  
11 that was presented to them, each of them,  
12 that the commission reports raising judicial  
13 compensation, salaries, on which their DA  
14 salary raises rest, are false instruments,  
15 false filings, violative of a succession of  
16 Penal Law provisions. They were all  
17 presented with the information, with the  
18 evidence, with the documentation, and --

19 CHAIRMAN FARRELL: Good night.

20 MS. SASSOWER: -- they've been sitting  
21 on them.

22 CHAIRMAN FARRELL: Excuse me.

23 MS. SASSOWER: Thank you. Thank you.

24 CHAIRMAN FARRELL: Excuse me. You are

1 done.

2 MS. SASSOWER: Thank you, Chairman  
3 Farrell.

4 CHAIRMAN FARRELL: Thank you very  
5 much.

6 MS. SASSOWER: Thank you. Thank you.  
7 I look forward to being of service to this  
8 committee.

9 SENATOR KRUEGER: Thank you.

10 (Whereupon, the budget hearing  
11 concluded at 7:22 p.m.)

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