

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

2 -----

3 JOINT LEGISLATIVE HEARING

4 In the Matter of the
2015-2016 EXECUTIVE BUDGET
5 ON LOCAL GOVERNMENT OFFICIALS/
GENERAL GOVERNMENT

6

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8 Hearing Room B
Legislative Office Building
9 Albany, New York

10 February 25, 2015
9:35 a.m.

11

12 PRESIDING:

13 Senator John A. DeFrancisco
Chair, Senate Finance Committee

14

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

16 PRESENT:

17 Senator Liz Krueger
Senate Finance Committee (RM)

18

19 Assemblyman Robert Oaks
Assembly Ways & Means Committee (RM)

20 Assemblyman Michael Benedetto
Chair, Assembly Cities Committee

21

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

23 Assemblyman William Magnarelli
Chair, Assembly Local Governments Committee

24

1 2015-2016 Executive Budget
Local Government Officials/
2 General Government
2-25-15
3

4 PRESENT: (Continued)

5 Assemblyman Michael J. Cusick

6 Assemblywoman Crystal D. Peoples-Stokes

7 Assemblywoman Janet Duprey

8 Senator Diane Savino

9 Assemblyman Brian P. Kavanagh

10 Assemblyman David Weprin

11 Assemblywoman Catherine T. Nolan

12 Senator Simcha Felder

13 Assemblyman Jeffrion L. Aubry

14 Senator Gustavo Rivera

15 Assemblywoman Michelle Schimel

16 Senator Martin Golden

17 Assemblyman James F. Brennan

18 Assemblywoman Rebecca Seawright

19 Assemblywoman Latrice Walker

20 Assemblywoman Nily Rozic

21 Assemblywoman Kimberly Jean-Pierre

22 Assemblyman Michael Blake

23 Assemblyman N. Nick Perry

24 Assemblyman Felix Ortiz

1 2015-2016 Executive Budget
Local Government Officials/
2 General Government
2-25-15

3

4 PRESENT: (Continued)

5 Senator Andrea Stewart-Cousins

6 Assemblyman Keith L. Wright

7 Senator Timothy Kennedy

8 Assemblyman Francisco P. Moya

9 Assemblyman Joseph Borelli

10 Assemblyman Luis Sepulveda

11 Senator Jack Martins

12 Assemblywoman Carmen Arroyo

13 Assemblywoman Rodneyse Bichotte

14 Senator Daniel Squadron

15 Assemblyman Christopher S. Friend

16 Assemblywoman Latoya Joyner

17 Assemblyman Sean Ryan

18 Senator Marc Panepinto

19 Assemblyman John T. McDonald, III

20 Assemblywoman Shelley Mayer

21 Assemblywoman Patricia Fahy

22 Assemblyman Daniel Stec

23 Senator George Latimer

24 Assemblyman Walter T. Mosley

1 2015-2016 Executive Budget
Local Government Officials/
2 General Government
2-25-15
3

4 PRESENT: (Continued)

5 Senator Jesse Hamilton

6 Assemblyman Steven Otis

7 Assemblyman William Colton

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1 2015-2016 Executive Budget
 Local Government Officials/
 2 General Government
 2-25-15

3

4 LIST OF SPEAKERS

5 STATEMENT QUESTIONS

6	Honorable Bill de Blasio Mayor		
7	City of New York	9	45
8	Scott Stringer Comptroller		
9	City of New York	222	235
10	Honorable Byron Brown Mayor		
11	City of Buffalo	309	323
12	Honorable Kathy M. Sheehan Mayor		
13	City of Albany	364	378
14	Honorable Mike Spano Mayor		
15	City of Yonkers	394	412
16	Honorable Lovely A. Warren Mayor		
17	City of Rochester	431	439
18	Honorable Stephanie A. Miner Mayor		
19	City of Syracuse	441	455
20	Melissa Mark-Viverito Speaker		
21	New York City Council	465	

22

23

24

1 2015-2016 Executive Budget
 Local Government Officials/
 2 General Government
 2-25-15

3

4

LIST OF SPEAKERS, Cont.

5

STATEMENT QUESTIONS

6 Stephen J. Acquario

Executive Director

7 New York State Association

of Counties

8 -and-

Honorable Kathy Jimino

9 Rensselaer County Executive

-and-

10 Honorable Anthony J. Picente, Jr.

Oneida County Executive

11 President, NYS County

Executives Association

478

12

Peter Baynes

13 Executive Director

NYS Conference of Mayors

14 and Municipal Officials

492

506

15 Gerry Geist

Executive Director

16 Association of Towns of

the State of New York

17 -and-

Supervisor Ed Theobald

18 Town of Manlius,

Onondaga County

19 -and-

Councilwoman Dorothy Goosby

20 Town of Hempstead,

Nassau County

511

21

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1 Benedetto.

2 Senator?

3 CHAIRMAN DeFRANCISCO: And for the
4 Senate, I'm John DeFrancisco. We're joined
5 by the chair of the Local Government
6 Committee, Kathy Marchione; by Senator
7 Felder; Senator Golden; and Senator Savino.

8 Also the ranking member is here,
9 Senator Krueger. And Senator Rivera is to my
10 far right.

11 SENATOR KRUEGER: Not likely.

12 (Laughter.)

13 CHAIRMAN FARRELL: And again,
14 Assemblyman Oaks.

15 ASSEMBLYMAN OAKS: Yes. We've also
16 been joined by Assemblywoman Duprey and
17 Assemblyman Stec.

18 CHAIRMAN FARRELL: The time is now
19 9:37. At 10:45, anyone who is not on the
20 table will not be able to ask questions. So
21 if you're listening to this on the TV
22 upstairs, you should be down here, because we
23 will close down the time that people can come
24 and extend the time it takes us to finish the

1 program.

2 Thank you. Our first speaker is the
3 mayor of New York City, the Honorable Bill de
4 Blasio, mayor of New York City.

5 Good morning.

6 MAYOR DE BLASIO: Good morning, and
7 thank you.

8 CHAIRMAN FARRELL: Oh, by the way,
9 who's that fellow on the right of you?

10 MAYOR DE BLASIO: He's our intern.

11 (Laughter.)

12 NYC BUDGET DIR. FULEIHAN: I'll take
13 that.

14 MAYOR DE BLASIO: I will formally
15 introduce my colleagues.

16 Thank you very much, Chair Farrell and
17 Chair DeFrancisco. Thank you very much for
18 the opportunity to testify. I also want to
19 thank the ranking minority members Senator
20 Krueger and Assemblymember Oaks.

21 I want to thank all the members of the
22 Senate Finance Committee and the Assembly
23 Ways and Means committee who are here today
24 for the opportunity to be with you, and all

1 other members of the Legislature who have
2 joined with us.

3 I also want to extend my
4 congratulations to the new Speaker, Carl
5 Heastie, who obviously isn't with us right
6 now, but I look forward very much to working
7 with him.

8 Seated with me, two very capable
9 people that I think all of you have had the
10 opportunity to work with over the years:
11 Dean Fuleihan, director of our Office of
12 Management and Budget for the City of
13 New York and Sherif Soliman, the city's
14 director for state legislative affairs.

15 I want to start by saying I'm grateful
16 for the very strong partnership we began last
17 year in both chambers, with all the
18 conferences, with the leadership and with so
19 many individual members. We have gotten a
20 great deal done together on education, on
21 housing, and on many other issues of vital
22 importance to New Yorkers. It's our goal to
23 build on these accomplishments together.

24 This discussion about the New York

1 State budget that we're having today occurs
2 against the backdrop of a crisis, one that I
3 have been talking about for some time, the
4 crisis of growing inequality in our society.

5 This inequality crisis is becoming
6 more prominent in our public discourse. The
7 President made it a central part of his State
8 of the Union address this year, when he said
9 we must "commit ourselves to an economy that
10 generates rising incomes and chances for
11 everyone who makes the effort."

12 Governor Cuomo spoke to it eloquently
13 in his State of the State address, when he
14 announced his Opportunity Agenda.

15 And we have heard warnings from both
16 sides of the aisle, like this one: "It's a
17 tragedy -- a human tragedy -- that the middle
18 class in this country by and large doesn't
19 believe the future will be better than the
20 past -- or their kids will have a brighter
21 future than their own. We haven't seen
22 rising incomes over decades. The American
23 people are struggling to make ends meet."
24 Mitt Romney said that last month.

1 Growing inequality is a worldwide
2 problem. An Oxfam report last month
3 projected that the wealthiest 1 percent of
4 the global population will soon own more than
5 50 percent of the world's wealth.

6 It's a worldwide problem, it's a
7 national problem. In recent years, the share
8 of national income of the top 10 percent
9 surpassed the level of 1928, which was the
10 legendary moment of greatest inequality
11 previously, which was also the height of the
12 1920s stock market bubble.

13 And for us it's a local problem. In
14 2012, the top 1 percent of New York City
15 residents earned 40 percent of all income,
16 compared to 23 percent in 1994. Meanwhile,
17 median income has remained stagnant since the
18 1990s. And the city's food stamp caseload
19 has more than doubled since 2002.

20 We all need to address this crisis and
21 create a state and a city with opportunity
22 for all. We know it's not an easy task. It
23 will only be possible for the city with a
24 strong and sustained partnership with Albany.

1 Now, last year we faced some serious
2 challenges, and we came through them by
3 working together. And I again want to thank
4 you for that. When I was here last January,
5 I said that New York City faced three
6 significant fiscal risks. First, we were
7 concerned about federal funding. And I
8 should note that we are concerned about that
9 again this year.

10 We need significantly more federal
11 funding for housing, transportation, and
12 other critical needs. But we are at risk of
13 getting substantially less, through possible
14 sequestration, through general budget
15 cutbacks, or just plain gridlock. We are
16 seeing the uncertainty of federal funding
17 play out this very minute in the Congress in
18 the logjam over the Department of Homeland
19 Security budget, one that is very crucial to
20 New York City and New York State.

21 Another example of federal funding
22 that is of great importance to the city and
23 to the state is the Highway Trust Fund. It's
24 on a trajectory to be insolvent by May 31st

1 of this year. The New York City metropolitan
2 region is at risk of losing \$2 billion for
3 key transportation projects, including road
4 and bridge maintenance, Vision Zero safety
5 improvements, and mass transit.

6 So that's the federal side. Now,
7 second, when I was here last year we were
8 also concerned about the state contribution
9 to the budget. But again, I thank you,
10 because the state came through in some very
11 important areas.

12 In particular, last year's state
13 budget took some important steps forward for
14 equality. I want to thank all of you and
15 thank the entire Legislature and Governor
16 Cuomo for a number of key items. Examples
17 include the state's \$300 million annual
18 five-year commitment for pre-K in New York
19 City; the state's support for our \$145
20 million expansion of after-school programs
21 for middle school kids; the action
22 authorizing the New York City rental
23 assistance program for the homeless, allowing
24 state TANF funds to be used for rent

1 subsidies to keep families out of shelters;
2 and state funding for the HIV/AIDS Services
3 Administration 30 percent rent cap, which,
4 combined with city funds, provided rental
5 assistance to protect the homes of over
6 10,000 low-income people living with HIV and
7 AIDS.

8 So that's the state level.

9 Third, at the city level, we had an
10 unprecedented fiscal risk last year at the
11 time I spoke to you. When I took office,
12 there were literally no labor agreements
13 whatsoever with any of our city employees --
14 350,000 people, none of them under a current
15 contract at that time.

16 We made reaching labor agreements a
17 priority, and we have achieved sustained and
18 substantial progress. With the latest
19 settlements this month, we now have ratified
20 agreements with nearly 75 percent of our
21 workforce. This includes not only civilian
22 unions, but eight uniformed unions, three of
23 which represent members of the NYPD. We're
24 ahead of the schedule that we set for

1 ourselves in terms of ensuring that all of
2 our employees are under contract.

3 And when we settled our
4 pattern-setting UFT contract last spring,
5 Standard & Poors said: "The city now has an
6 element of certainty in its financial plan
7 that it lacked in the past."

8 Overall, we put together a budget last
9 year according to our core values, one that
10 is progressive, fiscally responsible, and
11 honest. We believe progressive government
12 and fiscal responsibility are closely linked.
13 The only way to have sustained progressive
14 programs is to budget carefully and be
15 disciplined about spending.

16 After last year's city budget was
17 released, the three leading rating agencies
18 were unanimous in saying that we put the city
19 on a strong fiscal footing. In fact, every
20 independent monitor and rater affirmed fiscal
21 responsibility as a foundation of our
22 administration.

23 This year, we are looking to the state
24 for help meeting some truly critical needs.

1 In New York City today, 46 percent of our
2 population is at or near the poverty level.
3 The city is filled with hard-working people
4 who are barely getting by in one of the most
5 expensive places to live in the world, and
6 they need help.

7 This is true, as well, for our schools
8 and our students. Many students in New York
9 City schools come from disadvantaged
10 backgrounds or have special needs that
11 require extra resources to address. There
12 are 140,000 who are English language
13 learners, and there are 171,000 students with
14 disabilities.

15 On another front, our physical
16 infrastructure is aging and in desperate need
17 of repairs and improvements. If these issues
18 are not addressed, our economy will suffer
19 and I would say, by extension, the economy of
20 the State of New York will suffer. In a year
21 in which the state thankfully has a
22 \$7.8 billion surplus, we would like to see
23 more funds budgeted to meet these profoundly
24 important needs.

1 The moment has also come, when there
2 is a sizeable surplus, to see that the city
3 gets its fair share of state spending. New
4 York City has 43 percent of the state's
5 population, and a New York City Department of
6 Finance analysis shows that 50 percent of
7 New York State tax revenues are attributable
8 to New York City. But in many areas the city
9 is not getting commensurate funding.

10 Last month our comptroller, Scott
11 Stringer, issued a report called "Less than
12 Our Fair Share," which found that from 1985
13 to 2009, the state share of the city budget
14 remained relatively constant, with five-year
15 rolling averages ranging from 18.1 percent to
16 19.3 percent, with an average of 18.8
17 percent. But after 2009 it declined until,
18 by fiscal year 2014, state revenue was just
19 15 percent of the city's budget.

20 If state revenue had remained at that
21 18.8 percent level for the city budget, the
22 report made clear, the city would have
23 received \$2.8 billion more in fiscal year
24 2014 for vital government services.

1 In discussing the city's need for
2 state funds, we want to focus on three areas
3 in particular: education; affordable housing
4 and ending homelessness; and infrastructure.

5 First, on education, I want to start
6 by saying that I am grateful to Governor
7 Cuomo for his strong support for extending
8 mayoral control, which is a critical issue
9 for our city's schools and schoolchildren.

10 Before mayoral control, the city's
11 school system was balkanized. School boards
12 exerted great authority with little
13 accountability, and we saw far too many
14 instances of mismanagement, waste, and
15 corruption. The city did not have the
16 authority it needed to ensure that schools
17 were functioning properly or to bring about
18 needed reforms.

19 The Legislature recognized this in
20 2002 when it established mayoral control, and
21 in 2009 when it extended it. When Mayor
22 Bloomberg testified here in 2009, he said
23 that mayoral control is critical for
24 replacing "a culture of dysfunction in our

1 schools with a culture of accountability and
2 achievement." Mayor Bloomberg and I agree on
3 this. Mayoral control gives the city the
4 authority it needs to carry out a vision of
5 improving and reforming education. The speed
6 and scale of our pre-K-for-all and expanded
7 after-school initiatives were only possible
8 because of mayoral control and because of
9 your support.

10 On behalf of the people of New York
11 City, I ask that mayoral control be made
12 permanent, rather than being subject to
13 renewal every few years. That would build
14 predictability into the system, which is
15 important for bringing about the deep,
16 long-range reforms that are needed. We have
17 been aggressively transforming the school
18 system over the past year, and we will do
19 more.

20 There is one thing I want to make very
21 clear: the status quo in education is not
22 acceptable. This is clear by many measures.
23 One of the most striking is that only
24 27 percent of New York City graduates in 2014

1 were college-ready. We must have constant
2 and sustained reform of education to address
3 these problems, and we will not rest until
4 every student in every part of the city gets
5 a high-quality education.

6 We started our educational agenda with
7 pre-K. This year, thanks to your support,
8 there are more than 53,000 4-year-olds in
9 full-day, high-quality pre-K -- more than
10 twice the 20,000 who attended the year
11 before. And now we need your commitment to
12 serve approximately 70,000 children in the
13 upcoming school year.

14 The Board of Regents recommended
15 \$370 million in funding, and we agree that
16 that is what is needed for the next stage of
17 our pre-K effort.

18 To speed the process of educational
19 reform, we have established 62 PROSE schools,
20 and we will soon be bringing this number up
21 to 200 schools. In these schools we have
22 relaxed union work rules and DOE rules alike,
23 to allow the schools to innovate on
24 everything from the timing of the school day

1 to enabling small-group instruction.

2 We have invested \$150 million in a
3 major initiative to turn around 94 of our
4 struggling schools by fashioning them into
5 Renewal Schools. These schools will receive
6 extraordinary support to help them improve.
7 This includes replacing school leaders who
8 are not up to the job; deploying teams of
9 highly skilled principals, assistant
10 principals, and teachers to lead school
11 turnarounds; using highly experienced Master
12 Teachers to coach existing faculty; and
13 providing an additional hour of instructional
14 time for every child every day in these
15 struggling schools.

16 We've also begun to create 128
17 Community Schools across the city, which will
18 include all 94 of our Renewal Schools.
19 Community Schools use an innovative model
20 that draws on the resources of the whole
21 community, offering everything from expanded
22 parent outreach to medical and mental health
23 services for students in the school building.

24 And, crucially, we have increased

1 parent involvement time. The new teachers
2 contract includes 40 additional minutes every
3 week for every teacher to engage in outreach
4 to and meetings with parents.

5 In the last year we have seen some
6 early signs of progress. The New York City
7 graduation rate rose to 68.4 percent in
8 2013-2014, a 2.4 percent gain. The dropout
9 rate fell to 9.7 percent, a decrease of
10 0.9 percent. The biggest gains were among
11 blacks, whose graduation rate increased by
12 2.6 percent, and Latinos, whose graduation
13 rate rose by 2.5 percent.

14 We're moving in the right direction,
15 and I am committed to using all of the
16 resources at our disposal to continue
17 transforming our school system. Our
18 educational reform efforts begin with an
19 understanding of the great importance of
20 quality teachers. Attracting and retaining
21 the best teachers is critical, and we must
22 give them the support they need.

23 I said in a speech on education in
24 November that we know some teachers just need

1 more help. And we will give them more
2 professional development and more
3 mentoring -- everything they need to succeed.
4 At the same time, we have been very serious
5 about moving out individuals who should not
6 be teaching. As I said in that November
7 speech, "There are going to be some teachers,
8 sadly, who don't belong in the profession ...
9 We'll make changes ... We'll invest, but
10 we'll hold teachers accountable as well."

11 My administration is serious about
12 teacher accountability. We have moved out
13 289 teachers from the absent teacher reserve
14 -- and out of our school system entirely --
15 since April.

16 In the two struggling New York City
17 schools that the state designated as "out of
18 time" because they failed to improve after
19 three years -- those are Boys and Girls High
20 School and Automotive High School -- we
21 reached an unprecedented agreement. Every
22 teacher and staff member in those schools
23 will be required to reapply for their job.

24 And we have made clear that we will

1 close schools if necessary. We have said we
2 will go to enormous lengths to fundamentally
3 change the direction of our struggling
4 schools and to bring change about quickly.
5 Too often in the past, schools were closed
6 without being given a fair chance to improve.
7 Our aim is to fix schools that are struggling
8 so they can succeed.

9 But we will also not hesitate to close
10 schools that have had the opportunity to
11 improve and do not. I said in my November
12 speech that we will close schools after three
13 years -- in other words, during this mayoral
14 term. But we also reserve the right to close
15 schools even sooner if they do not make
16 consistent progress.

17 The Governor discussed education
18 policy in his State of the State address. I
19 appreciate many of his proposals, including
20 his support for mayoral control, the master
21 teacher plan, the teacher residency program,
22 and the P-TECH expansion. And I agree with
23 the Governor on the need to get ineffective
24 teachers out of the profession. Again, we

1 have moved out 289 teachers since April.

2 It is good that the Governor has
3 addressed this important issue. But reform
4 must be done the right way. Of course, we
5 must have standards and accountability -- we
6 all agree on that. But excessive reliance on
7 high-stakes testing is troubling.

8 Standardized tests should not be the
9 largest part of a full evaluation of a
10 teacher or student. When small variations in
11 student test scores result in failing ratings
12 for teachers, and that can lead to automatic
13 termination, it forces teachers to teach to
14 the test, rather than teaching for learning.
15 And it discourages teachers from serving our
16 most challenging students. That's not good
17 for teachers, parents, or students.

18 The Governor has also proposed a state
19 takeover of struggling districts and schools.
20 But the fact is, mayoral control already
21 makes it clear who is responsible for
22 struggling schools in New York City. I am.
23 I am fully accountable to the people of
24 New York City. And if they do not believe I

1 have succeeded, they will have the
2 opportunity not to renew my contract in 2017.
3 That is the powerful core idea of mayoral
4 control: the individual in charge is held
5 fully accountable by the people.

6 Now, I want to return to the question
7 of fairness in funding. I want to
8 underscore, in particular, the major gap that
9 exists in funding the CFE settlement, the
10 Campaign for Fiscal Equity settlement. There
11 is a shortfall this year of \$2.6 billion for
12 New York City schools. This is not just
13 another budget priority, it's the result of
14 an order from the New York State Court of
15 Appeals to provide a sound, basic education
16 to all students.

17 This missing money would make a
18 crucial difference in the lives of New York
19 City schoolchildren. It would allow for
20 enriched reading programs in elementary
21 schools to ensure every child is reading at
22 grade level by the end of third grade.
23 Currently that is something fewer than
24 30 percent of our children are achieving.

1 This funding would help us turn that around.

2 The funding would allow for improved
3 services and educational outcomes for the
4 171,000 students in our system who have
5 disabilities. And it would provide
6 sufficient guidance and college counseling
7 throughout our school system, instead of the
8 current reality, in which the ratio of
9 guidance counselor to students is one
10 counselor for every 376 students. Another
11 reason why so many of our students are not
12 able to go into college and be ready to
13 succeed.

14 We ask for your help in transforming
15 our schools. In addition to our work on
16 pre-K through 12, we must do more for
17 students in higher education as well, which
18 is a critical weapon in combating income
19 inequality and in building a city and a state
20 with greater opportunity for all.

21 In recent decades, the college
22 graduation rate has risen sharply among
23 high-income families, but it has stagnated
24 among low-income families. I applaud the

1 Governor's proposal to defer student debt for
2 New York college graduates who make less than
3 \$50,000 a year. And I support Speaker
4 Heastie's Higher Education Road to Success
5 initiative.

6 We must also invest more in proven
7 academic intervention programs, like the
8 Accelerated Study in Associate Programs
9 (ASAP), which work well but are not
10 adequately funded.

11 And we have to see that more students
12 have access to college and that they complete
13 college. I was heartened by the Governor's
14 inclusion of the DREAM Act in his budget
15 proposal. It is critically important to
16 building a just and inclusive society.

17 Now I want to address the issue of
18 housing. The shortage of affordable housing
19 has reached crisis proportions in New York
20 City, and it is closely connected to
21 inequality. Housing is the number-one
22 expense for city residents. In 2012 almost
23 55 percent of city rental households were
24 "rent-burdened," meaning they spent more than

1 30 percent of their income on rent. And
2 within that group the majority -- in total,
3 30 percent of all rental households -- were
4 severely rent-burdened, meaning they spent
5 more than 50 percent of their income on rent.

6 We have a bold plan to build and
7 preserve 200,000 units of housing over the
8 next 10 years. That is enough to house
9 500,000 people, more than the population
10 within the city limits of Atlanta or Miami.
11 To tackle the affordable housing crisis
12 fully, the city and state must work
13 cooperatively.

14 Even though I know the discussion of
15 the future of rent regulation will occur
16 post-budget, I must emphasize now the
17 importance of renewing and strengthening
18 rental protections that expire this year. If
19 they are not renewed and strengthened, many
20 thousands of apartments will become
21 unaffordable. And many thousands of people
22 will lose their homes.

23 I also want to state clearly my belief
24 that we must end vacancy decontrol. It is a

1 major contributing factor in the loss of
2 rent-protected units in the city.

3 We will be returning to these
4 important issues, but in this budget we must
5 address a specific aspect of saving
6 affordable housing, and that is protecting
7 tenants from landlord harassment. According
8 to a report by the New York City Rent
9 Guidelines Board, from 1994 to 2012, 250,000
10 rent-stabilized units exited regulation -- a
11 quarter-million units exited rent-regulation.
12 This represents housing for more than half a
13 million people; again, the size of many
14 entire cities. Many thousands of these
15 people were driven out of their homes
16 illegally by landlord harassment.

17 In fact, during the three-year period
18 from 2010 to 2012, when 30,000 units exited
19 regulation, the State of New York received
20 nearly 19,000 complaints from tenants
21 charging landlord misconduct in the city's
22 rent-regulated units. And just last year.
23 the city received over 61,000 calls to 311
24 from New Yorkers seeking direct tenant

1 protection services. That's a 16 percent
2 increase over the previous year.

3 This is just a small snapshot of the
4 total incidents of harassment, incidents
5 ranging from the failure to provide basic
6 maintenance, to lack of heat or hot water, to
7 severe rodent infestation. It paints a dire
8 picture of the depth of the crisis that our
9 tenant community is now facing.

10 The state has a duty to protect
11 tenants. As I said in my State of the City
12 address: "Albany has the responsibility for
13 enforcing our rent laws, but too often that
14 doesn't happen. We need Albany to step up
15 and enforce the laws aggressively."

16 And the state is not currently meeting
17 its obligation. In December, Comptroller Tom
18 DiNapoli issued a report that found serious
19 failures by the state's Office of Rent
20 Administration. The Comptroller said: "Our
21 latest audit found delays in resolving tenant
22 complaints that are simply unacceptable. No
23 one should have to wait for a year or more to
24 learn if their landlord is gouging them on

1 rent or to get needed services restored."

2 If the state will not enforce the law
3 and protect tenants, it must allocate funds
4 so tenants can help themselves, by providing
5 free legal services to victims of landlord
6 neglect or harassment.

7 Now, I want to talk about two more
8 housing issues directly related to this
9 budget. First, there is an urgent need for
10 more investment in public housing. The New
11 York City Housing Authority is critical to
12 the needs of the city and the future of our
13 city. It's the city's largest landlord,
14 managing 178,000 apartments in 334
15 developments. And it's a key part of the
16 city's commitment to affordable housing.

17 There's been a serious erosion of
18 government support for housing at the federal
19 and state levels since the 1990s. This has
20 resulted in continued deficits and
21 accelerated deterioration of the nation's
22 public housing stock. NYCHA, because of its
23 size, has experienced these cuts particularly
24 dramatically. Years of disinvestment,

1 coupled with aging buildings, have resulted
2 in deferred capital rehabilitation, repairs,
3 and maintenance.

4 This defunding has forced NYCHA to
5 cover large operating deficits by depleting
6 reserves and transferring capital funds to
7 support operations. Unless we address the
8 gaping operating and capital deficits and do
9 so fully, NYCHA's buildings will continue to
10 deteriorate, depriving tenants of the level
11 of housing they deserve.

12 My administration has made NYCHA a
13 priority. The New York City preliminary
14 budget for this year added \$72.5 million in
15 operating funds for NYCHA by relieving its
16 past obligation to pay for police services.
17 This frees up \$72.5 million that NYCHA can
18 dedicate to health and safety initiatives,
19 including protecting children from developing
20 asthma by removing mold, and deterring crime
21 by installing cameras in elevators. It also
22 means that NYCHA is no longer the only
23 residential landlord required to pay for its
24 own police protection.

1 We are asking the state to come up
2 with \$300 million for health and safety in
3 NYCHA developments, which the city would
4 match. This additional funding will help
5 ensure that NYCHA is able to fulfill its
6 historic role and operate at a standard that
7 tenants are entitled to.

8 The second part of the housing crisis
9 that must be addressed in this budget is
10 funding to address the homelessness crisis.
11 We now have a record high homeless population
12 in the City. This population has more than
13 doubled since 2000. And since the Advantage
14 Rental Assistance Program was ended in
15 April 2011, the city has seen a 54 percent
16 increase in homelessness.

17 The Governor acknowledged the crisis
18 in his State of the State address, calling
19 the record number of homeless in the state a
20 disgrace.

21 If we do not take immediate, bold
22 steps, the crisis will keep growing, with an
23 increasing human toll, particularly on
24 families and children. The city has provided

1 rental assistance to over 25,000 formerly
2 homeless individuals and families. That
3 assistance was critical, but we must do more.
4 And it's critical that we do more than simply
5 address the symptoms. Shelters are only a
6 temporary solution. We must use every tool
7 at our disposal to get working families,
8 domestic violence victims, and seniors back
9 on their feet, out of shelters and into
10 homes.

11 In our preliminary budget we announced
12 major city investments to address
13 homelessness. But to truly tackle the
14 problem requires a fully committed, long-term
15 partnership with the state and greater
16 permanent funding. We are asking the state
17 for \$32 million in funding this year, and
18 more in future years, for rental assistance
19 to prevent and alleviate homelessness.

20 There are a number of key programs
21 this would fund. One is Family Eviction
22 Prevention Services, which is aimed at
23 stopping homelessness before it happens. The
24 second provides rental assistance for

1 domestic violence victims and the elderly.
2 Finally, there is a program to increase rent
3 allowances for Section 8 tenants, which would
4 help to move thousands of families out of
5 homeless shelters more quickly.

6 We are also asking the state not to do
7 something. It should reject, the Legislature
8 should reject an ill-considered proposal in
9 the Governor's budget for homeless programs.
10 It's a 10 percent New York City-only cut for
11 the Emergency Assistance for Families
12 initiative, which would effectively mean a
13 \$22.5 million cut to our homeless prevention
14 programs. That would take us backwards.
15 That money would provide shelter for
16 500 families for a year. Without state
17 support, that's 500 more families in a much
18 worse circumstance.

19 In his budget, the Governor included
20 some much-needed funding for supportive
21 housing for the homeless who are mentally
22 ill, homeless people with HIV/AIDS, and other
23 homeless populations. The funds he included
24 for New York/New York IV housing for the

1 homeless are important, but not nearly equal
2 to the enormous needs. This program provides
3 less than half the number of units to
4 New York City that New York/New York III did,
5 even though the homeless population in the
6 city is now twice as large. The Legislature
7 should come up with more funding. We are
8 asking for a long-term commitment of 12,000
9 units in the city.

10 We also strongly object to the request
11 that the city fund half of the operating
12 costs of these units, something that was not
13 done in the past. The program should be
14 structured like New York/New York III and
15 include full state operating funds for these
16 units.

17 The third and final major area I want
18 to discuss is infrastructure. The city's
19 bridges, roads, and other key structures are
20 in serious need of repair and modernization.
21 Our infrastructure is critical for the
22 economy of the city and of the state as well.
23 For the future economic success of all of
24 New York State, we need long-term strategic

1 investments in the city's infrastructure.

2 Stop-gap solutions are insufficient.

3 The state has consistently underfunded
4 New York City road, bridge, and highway
5 rehabilitation and maintenance. There is now
6 a shortfall of \$1.5 billion over 10 years.
7 We also believe the state must also do more
8 to fund the MTA's capital plan, a situation
9 that is reaching crisis levels. We have a
10 severely aging subway system -- large parts
11 of our signal system, for example, are over
12 50 years old. Many subway cars currently in
13 use were built before 1975.

14 At the same time, MTA ridership is at
15 its highest since 1950s. Subways are
16 frequently over capacity during rush hours.
17 And the system still does not fully serve the
18 needs of all five boroughs.

19 Adequately funding the MTA's capital
20 needs is not just about the needs of New York
21 City. The MTA is critical to the state and
22 the entire metropolitan region. New Yorkers
23 take nearly 2.7 billion trips on the MTA each
24 year -- and it is critical for ensuring that

1 residents of the region can get to work every
2 day.

3 The current MTA capital plan is
4 woefully underfunded. The state's investment
5 has steadily declined over the last 14 years.
6 The plan is now underfunded by more than
7 \$15.5 billion, and the Governor's
8 contribution of just \$750 million does not
9 begin to address the critical needs. We
10 cannot ask riders alone to sustain the system
11 with fare increases. We must also contribute
12 with a fully funded capital plan. And to
13 achieve this, all levels of government must
14 work together.

15 Investing in MTA capital improvement
16 would not only be important for improving
17 infrastructure for the whole region; it would
18 also provide a major boost to jobs and
19 economic development.

20 Finally, there will be other important
21 issues for the Legislature to consider this
22 year -- I'll say these briefly.

23 The first, and crucially important, is
24 protecting our police. Last year was a

1 remarkable year for the NYPD. Murders in the
2 City were the lowest they have been since at
3 least 1963, major crimes were down
4 significantly, and the NYPD implemented real
5 reform -- stop-and-frisks were down
6 75 percent. But it was also a very difficult
7 and painful year, with the tragic murders of
8 Detectives Ramos and Liu.

9 The city has committed an additional
10 \$350 million to support the NYPD, including
11 \$160 million over three years for smartphones
12 for all officers and "ruggedized" tablets for
13 all patrol cars. And in our preliminary
14 budget, we announced \$11.5 million this
15 fiscal year, and next, to replace all
16 bullet-resistant vests that are over five
17 years old.

18 I was pleased to see the Governor's
19 police protection initiative calling for
20 increased funding for bullet-resistant vests
21 and other measures.

22 In the same vein of criminal justice,
23 I want to mention that Raise the Age issue.
24 We agree with the panel fully that

1 investigated the issue, which included our
2 criminal justice coordinator, Elizabeth
3 Glazer. It called for taking 16- and
4 17-year-olds out of the adult criminal
5 justice system. We should have special
6 facilities and programs to work with young
7 people and help to turn their lives around,
8 not write them off.

9 I am heartened that the Governor
10 supported Raise the Age. This complements
11 other efforts my administration is making to
12 reduce unnecessary incarceration and help
13 youth get out of the criminal justice system
14 and on the right path. The Governor has also
15 said that the state will pay for the cost of
16 Raise the Age. That is very much
17 appreciated, and it's a commitment that must
18 be kept.

19 Third, we hope the state will take
20 necessary actions on tax reform and relief.
21 On property tax relief, it is good to see
22 that the Governor's proposal includes
23 renters -- but the level of benefit it
24 provides to residents of New York City should

1 be raised.

2 On tax reform, I am pleased that the
3 Governor has included our proposal to conform
4 the state and city tax codes. This is an
5 important step that would streamline tax law
6 for businesses and provide needed relief to
7 our small businesses and manufacturers.

8 Fourth and finally, on the minimum
9 wage, the state can do a tremendous amount to
10 improve the lives of hardworking New Yorkers
11 by raising the minimum wage. Nothing does
12 more to address income inequality than
13 actually raising people's income.

14 The current minimum wage simply does
15 not do enough for workers in New York City.
16 That is why, with your help, we must raise
17 New York City's wage to more than \$13 per
18 hour in 2016. And by indexing it to
19 inflation, this would bring us to a projected
20 \$15 an hour by 2019.

21 I began here today by talking about
22 inequality, and I hope that as you make your
23 budget decisions you will keep this very real
24 crisis in your mind. Many people are

1 discussing income inequality, but the men and
2 women of this Legislature can do something
3 about it. Through the choices you make on
4 education, housing, and infrastructure
5 spending, you can reduce inequality and
6 increase opportunity. I urge you to keep
7 this in mind as you prepare this year's
8 budget, and I also urge you to ensure that
9 New York City's needs are met and that the
10 city gets its fair share.

11 I thank you for inviting me to speak
12 with you today. I look forward -- as my
13 entire administration looks forward -- to
14 working with you in the days ahead to develop
15 a budget that meets the needs of all
16 New Yorkers. Thank you very much,
17 Chair Farrell and Chair DeFrancisco.

18 CHAIRMAN FARRELL: Thank you very
19 much.

20 We've been joined by Assemblyman
21 Sepulveda, Assemblyman Ortiz, Assemblywoman
22 Crystal Peoples-Stokes, Assemblywoman
23 Schimel, Assemblywoman Carmen Arroyo,
24 Assemblywoman Walker, Assemblyman Otis,

1 Assemblywoman Rozic, Assemblywoman Kimberly
2 Jean-Pierre, Assemblyman Blake, and
3 Assemblyman Perry.

4 ASSEMBLYMAN OAKS: And Assemblyman
5 Borelli.

6 CHAIRMAN FARRELL: And Assemblyman
7 Bill Colton.

8 SENATOR KRUEGER: We've also been
9 joined by Senator Squadron and Senator
10 Hamilton.

11 CHAIRMAN FARRELL: First to question,
12 Assemblyman Benedetto, chairman of the Cities
13 Committee. Mr. Benedetto.

14 ASSEMBLYMAN BENEDETTO: Thank you,
15 Mr. Chairman. And welcome, Mr. Mayor.
16 Always good to see you in Albany.

17 MAYOR DE BLASIO: Thank you.

18 ASSEMBLYMAN BENEDETTO: A number of
19 questions, if you would. First off, on
20 education.

21 Number one, congratulations on your
22 pre-K initiative and how that's working out,
23 and continued success in it. Congratulations
24 on restoring -- and maybe this was more

1 Chancellor Fariña -- the superintendent's
2 duties to what we believe is really what they
3 should be intended for. And also your
4 after-school initiatives. I firmly believe
5 in that.

6 But let me talk a bit more on that.
7 Has any consideration ever been given -- we
8 talk about failing schools and students not
9 achieving. Has it ever been -- have you
10 considered using the assets that we have in
11 our city, our school buildings, to have them
12 open all the time after school? The local
13 grammar schools, our intermediate schools,
14 our high schools, so we can have real
15 programs going in to continue the school day?
16 Maybe on a voluntary basis, of course, but to
17 continue the school day to give students the
18 ability to have remedial instruction, to give
19 them enrichment programs that are sorely
20 lacking in our schools, in music and dance,
21 art.

22 And much criticism has been given
23 about test preparation, not only for the
24 standardized tests but in particular about

1 the specialized high schools. Okay? I
2 firmly believe one of the problems is, in the
3 outer boroughs, that these test prep
4 classes are not given to the students and
5 that's why we don't have a good
6 representation throughout our city on this.

7 But if we keep our schools open after
8 school and then reopen them, let's say at
9 7:00, for night schools and adult education
10 and high school programs going on, we might
11 address some of the problems that we have in
12 our failing schools. Comments on that.

13 MAYOR DE BLASIO: Thank you, first of
14 all, for your kind comments, Assemblyman.
15 And I especially appreciate them since you
16 were a teacher yourself, so you know the
17 subject matter so well.

18 We believe fundamentally in making
19 sure that our young people have maximum
20 opportunity, especially if they have -- if
21 they're in a school that needs additional
22 help, for example, or they're in a situation
23 where they need additional help. That
24 underlies our approach to Renewal Schools,

1 where there will be an extra hour of
2 instruction added to the school day; that
3 underlies our approach to Community Schools,
4 where in fact the very idea is to use the
5 facility more fully to engage parents in the
6 whole community and to have additional time
7 when the school is open; and certainly our
8 after-school initiative for middle-school
9 kids.

10 So I think we are, in a variety of
11 ways, doing exactly that which you indicate:
12 Making sure that there is more opportunity
13 for our children to get support and
14 enrichment. When you take those three
15 initiatives together -- and they complement
16 each other -- it means that kids will get a
17 lot more opportunity to learn and a lot more
18 opportunity to be in a safe and positive
19 environment.

20 I'm particularly proud of the fact
21 that with the after-school initiative -- and
22 again, thanks to the support of the
23 Legislature -- we're able to get
24 middle-school kids, at a particularly

1 sensitive time in their life -- I was joking
2 with Chair Nolan earlier about the comment I
3 make now, as a parent of older teenagers,
4 that I am a recovering middle-school parent.
5 So anyone who's had kids at the middle-school
6 level understands what I'm talking about.

7 It is a make or break time in kids'
8 lives. In situations where kids
9 unfortunately are faced with tough
10 circumstances, it's a moment where a lot of
11 kids could choose the right path or the wrong
12 path. But if they're in after-school, it
13 maximizes the chance that they're not only
14 safe each day, but they're getting moved
15 towards the right path and believing in their
16 own educational and career future.

17 So I agree with your idea. And we're
18 putting resources exactly in that direction.

19 ASSEMBLYMAN BENEDETTO: I wish you
20 would put more and consider not just one hour
21 after school, but three hours after school
22 and then three more hours, you know, at
23 night.

24 But that being the case, we have

1 mayoral control up again. The Governor has
2 issued wanting a three-year extender. You
3 have indicated that you would like to see
4 this permanent. Are there any other things
5 that you would like to change in the mayoral
6 control powers?

7 MAYOR DE BLASIO: Just one point on
8 your previous point, and then I'll answer
9 that quickly.

10 Again, for the 94 schools that are
11 struggling, we're adding an extra hour of
12 instruction. For the after-school program,
13 where we've added more than 40,000 kids at
14 the middle-school level, that's typically
15 three more hours of after-school programming.
16 The two can certainly go together in any
17 struggling school that is a middle school.
18 We can have the advantage of extra
19 instruction and then after-school thereafter.
20 So we are trying to double those pieces up.
21 Again, also the community school model
22 encourages additional programming at the end
23 of the school day.

24 On the question of mayoral control,

1 again, I believe that this is a policy idea
2 that works, that creates absolute and total
3 accountability. And that's exactly what we
4 need in education. That's why I think it
5 should be made permanent. I think it's
6 something that's clearly proven its value.

7 On the question of the structure of
8 mayoral control, I think our obligation is to
9 ensure that there is a real and robust
10 discussion with the Panel on Education
11 Policy. We've achieved that under the
12 current structure. It's also crucial to
13 ensure that our Community Education
14 Councils are consulted consistently on
15 changes being made at the district level.
16 And as you said, we have emphasized the
17 district level -- again, I think in a very
18 productive way -- through reiterating the
19 importance of superintendents. That also
20 allows us to work more closely with the
21 Community Education Councils.

22 So I think under the current mayoral
23 control structure we've been able to make
24 substantial reforms, and we can continue that

1 when this is renewed.

2 ASSEMBLYMAN BENEDETTO: One last
3 question, because I know my colleagues want
4 to ask you many more. Going underneath the
5 philosophy that all politics is local, I
6 bring you back to the great City of Co-op
7 that I am proud to represent. Co-op City, of
8 15,000 units containing some 50,000 people,
9 has been underneath a request that they do
10 constant asbestos testing over the last
11 years, and it's costing them some \$6 million,
12 \$7 million a year to do that. And all their
13 tests show there is no problem here.

14 I know you know of the situation.
15 Have you given any thought to saving my
16 constituents of this terrible burden?

17 MAYOR DE BLASIO: We are trying to
18 find a way to be helpful in this matter,
19 Assemblyman. And you've brought it up to me
20 before, and I've talked to residents at Co-op
21 City about it. We I know have had our first
22 deputy mayor, Tony Shorris, and our
23 environmental commissioner, Emily Lloyd, meet
24 with the management company to talk about

1 ways that we might resolve this issue.

2 So there are some challenging details,
3 but we're trying to see if there's a way we
4 can provide some relief here. I don't have a
5 final answer for you, but we will get you an
6 update.

7 ASSEMBLYMAN BENEDETTO: The fine
8 people of Co-op City are eagerly looking your
9 way. Thank you.

10 MAYOR DE BLASIO: Thank you.

11 ASSEMBLYMAN BENEDETTO: Thank you,
12 Mr. Chairman.

13 CHAIRMAN FARRELL: Thank you.
14 Senator?

15 CHAIRMAN DeFRANCISCO: Senator Golden.

16 SENATOR GOLDEN: Thank you,
17 Mr. Chairman. Welcome, Mayor. Thank you for
18 being here today. This is a good opportunity
19 for us to have a dialogue on how we can
20 assist the city and help the residents of
21 that great city.

22 I want to start with NYCHA. What is
23 your total NYCHA -- to fix those buildings
24 up, what would it cost?

1 MAYOR DE BLASIO: The total capital
2 needs? It's time to bring Dean Fuleihan in.

3 SENATOR GOLDEN: Dean.

4 NYC BUDGET DIR. FULEIHAN: There are
5 billions of dollars needed, obviously
6 multiple billions of dollars. There are
7 estimates that are well over \$10 billion,
8 over \$15 billion.

9 SENATOR GOLDEN: Ten billion, then.

10 NYC BUDGET DIR. FULEIHAN: It's
11 potentially even higher. Potentially even
12 higher.

13 SENATOR GOLDEN: Why -- just a
14 suggestion. We have an MTA plan here, we
15 have a roads plan that we do for upstate
16 New York. It's a five-year capital program.
17 My suggestion is if you guys are that far
18 behind on that type of fixing up of these
19 NYCHA programs and repairing these NYCHA
20 programs, that we attempt to put something
21 together in the city and work with the state
22 to do that. So that there is some steady
23 capital that you can actually bond out.

24 I believe you can do that for the

1 capital fixes that you need for NYCHA. Does
2 that work for you, Dean?

3 NYC BUDGET DIR. FULEIHAN: So yes, we
4 certainly can. And we are on that path.
5 What has happened was neglect that the mayor
6 identified, lack of federal money that has
7 been consistent now for a number of years,
8 actually, and also the state no longer
9 providing public housing assistance in the
10 city.

11 So what we have done is do a
12 significant infusion of operating funds --
13 because actually capital money coming from
14 the federal government has been used for
15 operating funds. We're trying to stop that,
16 so that's the beginning of that -- and to
17 address those needs that are most critical.

18 So what the mayor has done with the
19 \$72 million now over the past two years are
20 needed repairs at NYCHA and that have
21 significantly reduced the wait time on those
22 repairs. And now we are saying let's -- and
23 we have, with the City Council, put
24 significant safety money into it, into NYCHA

1 now over the past year. And we're asking
2 that you join us in a commitment -- that's
3 the 300 matched by 300 at the city level --
4 to address immediate health and safety needs.

5 There are then longer-term issues at
6 NYCHA that we do agree that we need to work
7 with you on to address. This is an attempt
8 to say here are immediate needs and let's
9 deal with those.

10 SENATOR GOLDEN: You should -- go
11 ahead.

12 MAYOR DE BLASIO: If I may, Senator, a
13 quick follow-up.

14 I appreciate your point; the more we
15 can plan together, the better. There's a
16 quick context point. Here is housing for
17 well over 400,000 people built with federal
18 partnership and with the expectation of
19 federal support. Remember, a lot of these
20 buildings are now 40, 50, 60, even in some
21 cases more years old. It's as if we entered
22 into a business agreement with a partner and
23 then the partner decided they were no longer
24 interested, you know, 20 years ago, and have

1 left us holding the bag.

2 And so we have a huge structural
3 program we have to address. And I
4 consistently say with mayors around the
5 country that we have got to get the federal
6 government back into the affordable housing
7 business, because it would make a crucial
8 difference.

9 But I agree with you a hundred
10 percent, the more we can have a joint
11 city-state vision, the better.

12 SENATOR GOLDEN: Well, let's put a
13 capital program, a five-year capital program
14 together, let's sit down, let's draft it out,
15 and let's figure out what the true dollars
16 are that are needed and how we're going to
17 get to that goal over a five-year period.
18 This coming back every year is not getting
19 you any further ahead of the issues in the
20 City of New York with NYCHA.

21 So a short-term, long-term plan -- I
22 think you've got a good short-term plan, now
23 you need a long-term plan, a real capital
24 program that's similar to that of the MTA

1 program, similar to that of our road program
2 here in the State of New York. Funding, a
3 funding stream.

4 Moving into the next area, homeless.
5 How many families and how many individuals
6 are homeless and the total number of homeless
7 people in the City of New York?

8 MAYOR DE BLASIO: I'll give you the
9 individual count; we can check for the family
10 count now.

11 It's over 58,000 right now in shelter.
12 That number thankfully is beginning to go
13 down through a variety of our initiatives.
14 But as of this moment, we're still over
15 58,000. And more families now,
16 proportionally, than was historically the
17 case previously.

18 SENATOR GOLDEN: There is going on
19 around the city, obviously, there are more
20 families coming into the system. They're --
21 popping up throughout our communities are
22 these homeless shelters. There has to be
23 more timing given to the communities as to
24 when these homeless shelters are going to

1 open up in our communities, and there has to
2 be a long-term plan and a short-term plan on
3 getting these families out of shelters and
4 into housing. Dean or --

5 MAYOR DE BLASIO: Senator, I agree
6 with you on both points. I want to note that
7 the goal of all of our initiatives, which
8 I've outlined here that we have in our
9 preliminary budget, and the reason we're
10 asking for state help is to continue to drive
11 down the shelter population, which is at an
12 unacceptable level. And that means not only
13 will we not be opening new shelters, we look
14 forward to the day when we can be closing
15 shelters and getting people into better
16 housing. So we share the same vision.

17 In terms of notification, if there are
18 any circumstances in which a shelter is
19 needed, I agree with you also. I think we
20 have tried to do good community notification,
21 but I have seen situations that I was not
22 satisfied with where we need to do a better
23 job.

24 SENATOR GOLDEN: I'm going to move

1 into another area, design-build. Where are
2 you on design-build?

3 MAYOR DE BLASIO: Mr. Fuleihan.

4 NYC BUDGET DIR. FULEIHAN: We are
5 supportive of design-build. We'd certainly
6 like if you expand it at the state level. We
7 would like it also at the city level.

8 SENATOR GOLDEN: And what type of
9 funding of design-build do we need?

10 NYC BUDGET DIR. FULEIHAN: I'm sorry?
11 I apologize.

12 SENATOR GOLDEN: What type of funding
13 are you going to need on your capital
14 program?

15 NYC BUDGET DIR. FULEIHAN: We
16 obviously have not incorporated design-build
17 into our capital program.

18 SENATOR GOLDEN: So you haven't
19 thought it out or --

20 NYC BUDGET DIR. FULEIHAN: We have
21 not, no.

22 SENATOR GOLDEN: Okay. I just wanted
23 to know if you had already taken that path.

24 Vision Zero. Question. The arrests

1 of the individuals for accidents, hitting
2 pedestrians -- that being bus drivers, that
3 being sanitation drivers, that being anybody.
4 If it's an accident, it's an accident.

5 Do we need to arrest these people?
6 And is that necessary, isn't there already in
7 the -- if you're driving reckless, you get
8 hit with reckless driving. Isn't that
9 already a part of the penalties if in fact
10 you do violate the law?

11 MAYOR DE BLASIO: Let me speak to this
12 specific question, just a quick frame. And
13 again, I want to thank everyone present, all
14 the members of the Legislature. We were able
15 to move the agenda on Vision Zero, and this
16 is something where all the agencies involved
17 played a crucial role -- DOT, TLC, and
18 obviously NYPD.

19 And because of your support on speed
20 limit and speed cameras, we've made a
21 profound impact. Literally the fewest
22 pedestrian fatalities in New York City since
23 1910. That's based on one year of work
24 already that we were able to achieve with the

1 Legislature's support. And we have to
2 continue to go deeper. As I said when we
3 initiated Vision Zero, the number of traffic
4 fatalities in New York City was literally
5 approaching the number of murders in New York
6 City, and that was unacceptable.

7 SENATOR GOLDEN: Yeah, but should we
8 be locking up bus drivers and --

9 MAYOR DE BLASIO: No, I'm certainly
10 going to answer it, I just wanted to give you
11 that frame.

12 Senator, the law that was passed by
13 the City Council, which I signed, makes clear
14 that when an individual fails to yield to
15 pedestrians where they should -- the
16 pedestrian has, you know, the "Walk" sign and
17 they're crossing the street and there's still
18 a crash. And in this case what the law
19 dictates is if there is serious injury or
20 fatality, and if the officers on the scene
21 determine that it was an avoidable injury or
22 fatality, they are obligated to pursue an
23 arrest.

24 If the officers determine that it was

1 unavoidable, meaning something that happened
2 no driver could have possibly foreseen or
3 responded to in time, they have the option of
4 giving a summons.

5 So this is a law, a new law with a
6 clear standard. It is a stricter standard
7 than that which existed previously, and
8 that's for a reason, because people were
9 being killed and grievously hurt in all sorts
10 of incidents and there wasn't a clear enough
11 legal consequence.

12 So the law, I think, has been a step
13 forward. It should be applied respectfully
14 and sensitively. Especially, I agree with
15 you, our public service workers always
16 deserve respect in every situation, and I
17 appreciate the work they do.

18 But again, the officer on the scene
19 has to make a determination -- obviously you
20 can relate, given your past profession as an
21 NYPD officer -- has to make a determination.
22 If the officer believes it was 100 percent
23 avoidable, that is an arrest situation.

24 SENATOR GOLDEN: Okay, you still

1 didn't recognize it --

2 CHAIRMAN DeFRANCISCO: Excuse me.

3 Excuse me, Senator --

4 SENATOR GOLDEN: I apologize, I -- my
5 time is up.

6 CHAIRMAN DeFRANCISCO: No, no. Well,
7 you can go next round. I got to keep these
8 rules.

9 SENATOR GOLDEN: Yeah, keep going.
10 You're absolutely right, Chairman.

11 Thank you very much, Mayor.

12 CHAIRMAN FARRELL: Thank you very
13 much.

14 Next to question, Mr. Nolan -- Mr.?
15 Mrs. Nolman -- Nogan. I'll get it,
16 Catherine.

17 (Laughter.)

18 CHAIRMAN FARRELL: But before we get
19 to there, I'd like to just, seeing you're
20 talking about traffic, one of the things that
21 has concerned me is the fact that the people
22 in New York City, especially in Manhattan,
23 believe that crossing of the street requires
24 that you step onto the street and walk at

1 least 7 to 8 feet away from the curb and wait
2 for the light to turn the color you want it
3 to go to.

4 And it has always concerned me because
5 many years ago I traveled to California -- I
6 won't say how long ago, but the wheels on
7 the carriage were not that hard.

8 (Laughter.)

9 CHAIRMAN FARRELL: And the one
10 thing -- I was there and within three weeks,
11 I got four tickets. Two of them for driving,
12 because I crossed the line that was
13 automatically made when somebody stepped into
14 the street, and I crossed that line -- even
15 though I could never hit them unless I turned
16 and made a U-turn. But because they had hit
17 that line, all cars had to stop. And twice I
18 got tickets because I stepped to the street
19 and walked forward waiting for the light to
20 go, and they said no, you stand on the
21 sidewalk.

22 If we could do something about that in
23 Manhattan -- I don't know about the rest of
24 the city -- if we could find some way to get

1 the pedestrians to understand that also, it
2 would also make sure your Zero position gets
3 better.

4 MAYOR DE BLASIO: Mr. Chair, first of
5 all, I agree pedestrians have
6 responsibilities here too, obviously. We've
7 done a lot to educate pedestrians. NYPD has
8 done I think an outstanding job, in some of
9 the areas where we've had particular
10 problems, of providing information, providing
11 warnings and, when necessary, doing
12 enforcement on pedestrians who were behaving
13 recklessly. So yes, this is -- everybody is
14 in this together. Even though vehicles are
15 the centerpiece of the challenge, pedestrians
16 have a responsibility too, bicyclists have a
17 responsibility too.

18 That being said, I appreciate the
19 example you give. I will acknowledge that
20 the culture and history of the West Coast is
21 pretty different than ours on this front, and
22 I think that would be -- you're a visionary,
23 but I would say it would be a big culture
24 change in this city to get to that level.

1 I think we believe that with
2 consistent public education, consistent
3 enforcement, that we can continue to make
4 great strides in driving down fatalities and
5 injuries. And yes, that also includes some
6 consequences for pedestrians.

7 To get to the point you're talking
8 about, that would be a higher-stage evolution
9 that maybe someday we could get to, but I
10 don't think in the short-term.

11 CHAIRMAN FARRELL: Thank you.

12 Cathy Nolan.

13 ASSEMBLYWOMAN NOLAN: Thank you.

14 In the last ten years as many as
15 11,000 children have attended schools in
16 New York City in trailers. We've talked
17 about this with you last year, Mr. Mayor, and
18 with your predecessors. I will say, I want
19 to say very publicly I want to thank the
20 School Construction Authority and Chancellor
21 Fariña for their leadership. And there are
22 35 that were removed since we spoke last
23 year.

24 But I want to point out again that

1 that means that there are well over 300 of
2 them still floating around. And again, you
3 know, some of them were originally for two,
4 three, four years, they were seen as
5 temporary. Twenty-five years later, I have a
6 high school classmate that's retiring; she
7 spent her entire career teaching a
8 kindergarten class in a trailer. That's a
9 pretty sad statement.

10 So it's a very serious situation. And
11 I will say in last year's budget, with the
12 support of Governor Cuomo and our colleagues
13 in the Senate and Speaker Silver's
14 leadership, we put hundreds of millions of
15 dollars into a new sort of technology but
16 also, in the city, a pot of money for trailer
17 removal.

18 And one of the things we added in that
19 legislation was the report from the city that
20 was to be given to the Legislature, to the
21 chair of the Ways and Means committee and the
22 Senate Finance Committee chair, by
23 December 31st. And we have not received that
24 report. And one of the reasons we asked for

1 that report to be given to us by the end of
2 the year, so that was when you came here
3 again and we went forward, we would have a
4 better idea.

5 We continue to not really know how
6 many trailers are on high school properties.
7 I understand, too, that there's been an
8 outgrowth of trailers on some of these
9 alternative classroom sites that are for
10 children that have sort of dropped out of
11 regular school. But again, those are some of
12 the kids who are most at risk. So we can't
13 get the information about the age of the
14 trailers, we can't get the information about
15 where they are in the high schools. And, you
16 know, I recognize that December 31st was a
17 date the Legislature picked, but we've now
18 passed that date. And I would really ask you
19 to respond to that and hope that we can get
20 that information from the city.

21 And again, no knock on Chancellor
22 Fariña or President Grillo. It's been a
23 pleasure to work with both of them, and I
24 think a new degree of professionalism in the

1 city on these issues. But it's very, very,
2 very frustrating that we cannot get the
3 answers we need to figure out how to -- we
4 got you the money, but we still have at
5 least, at least 6900 children going to school
6 in trailers. And we all know that they are
7 firetraps and they have mold and they are not
8 suitable. So I just would like you to
9 respond to that.

10 MAYOR DE BLASIO: First of all, I want
11 to say that we owe you that information and
12 we'll expedite that information. I apologize
13 for the delay. Clearly the members of this
14 Legislature, like our colleagues in the City
15 Council, need to be able to see the latest
16 situation on this matter. We all want to get
17 out of the trailer business, obviously. So
18 we will make sure to get you that information
19 quickly.

20 I want to thank you for the efforts
21 that you've undertaken, not only on the issue
22 of ending the use of trailers, but also your
23 extraordinary support for the pre-K and
24 after-school initiatives last year, which was

1 crucial.

2 And one of the things I think that
3 brings these strands together is that we
4 clearly are working on a capital plan to
5 address the long-term needs of our school
6 system. That will come out in April. It
7 will be a 10-year capital plan. And it will
8 be an important moment for us to make clear
9 how we're going to address overcrowding
10 dynamics in a number of parts of the city,
11 central Queens being one of the areas that's
12 had most persistent overcrowding. It will be
13 an opportunity for us to show how we're going
14 to address the new element of pre-K for the
15 long run. Because even though we've been
16 able to come up with the right facilities in
17 the short run, there's going to be places
18 where we'll build pre-K centers, for example.

19 But as you know, in some cases --
20 central Queens again a great example -- you
21 have overcrowding already, trailers already,
22 and a huge demand for pre-K. So all of those
23 require new space to be fully addressed. So
24 a lot of space considerations we're going to

1 have to act on simultaneously. But that will
2 all be visible in the April plan.

3 I would simply affirm to you I
4 understand your concern about the safety and
5 health of children. I share it. I'm a
6 public school parent myself, as you know. I
7 would simply affirm that we're trying to make
8 sure always that the trailers are safe and
9 appropriate. We want to get out of the
10 trailer business, but in the meantime we take
11 great effort to make sure they are safe and
12 appropriate.

13 ASSEMBLYWOMAN NOLAN: Thank you. I
14 look forward to finally receiving the report.
15 We know that things run late, but it's
16 still -- we did come up with the money to
17 remove them, and we want to see a real
18 response. And the report would have been
19 valuable, and we need it. So I hope that we
20 will get it as soon as possible.

21 And then I would just say on a local
22 front, as Mr. Benedetto said -- because we
23 always see you because of our local
24 concerns -- I look forward to discussing with

1 you and your team the plans you have for
2 Sunnyside Yards. I think you know that many
3 of us are extremely -- our initial reaction
4 is pretty negative, I have to be honest about
5 that. We know that we need to develop
6 housing in our city, but we treasure the
7 quality of life that we have in Long Island
8 City and in western Queens. We think the
9 Yards are an important industrial heritage.
10 They give us open space and light and air.
11 We have a lot of issues that we face, you
12 know, in our districts. And so we look
13 forward to talking with you about that.

14 MAYOR DE BLASIO: I'll thank you for
15 that. And I'd simply say obviously it's
16 going to be a -- we believe it's an important
17 opportunity for the city. It will take a lot
18 of cooperation with the state, MTA, Amtrak --
19 obviously, first and foremost, with the local
20 community to determine what is appropriate.
21 We also think, though, it's a chance to help
22 so many people in Queens who are being priced
23 out to have an opportunity for affordable
24 housing in Queens.

1 ASSEMBLYWOMAN NOLAN: We understand
2 that. But our initial response has been
3 pretty -- I will go so far as to say pretty
4 negative. So I think we need to have a
5 conversation.

6 Thank you, Mr. Chairman. And thank
7 you.

8 MAYOR DE BLASIO: Thank you.

9 ASSEMBLYWOMAN NOLAN: My colleagues,
10 thank you.

11 CHAIRMAN FARRELL: Thank you.
12 Senator?

13 CHAIRMAN DeFRANCISCO: Senator Savino.

14 SENATOR SAVINO: Thank you,
15 Mr. Chairman.

16 Good morning, Mr. Mayor.

17 MAYOR DE BLASIO: Good morning.

18 SENATOR SAVINO: And before we start,
19 I would be remiss if I did not extend
20 congratulations to your trusty Albany
21 staffer, Sherif, on the birth of his
22 beautiful baby. I haven't had a chance to
23 say congratulations.

24 MAYOR DE BLASIO: You know, when most

1 of our babies are born we don't get the big
2 color spread in the Daily News. But Sheriff's
3 baby is beautiful and deserves it.

4 SENATOR SAVINO: Absolutely.

5 I'm going to try and be brief, because
6 I know there are a lot of people that want to
7 talk to you and have a million questions, and
8 I already heard you talk about the NYCHA
9 issue, so I'm very happy to see that
10 proposal. I want to talk specifically about
11 the property tax circuit breaker.

12 One of the signature issues in the
13 Governor's budget is trying to provide
14 property tax relief to people who are
15 suffering, you know, the crushing burden of
16 property taxes, predominantly outside the
17 City of New York. And while you can't tell a
18 Staten Islander that their property taxes are
19 not as high as other people, we do know that
20 under the Governor's proposal it doesn't
21 appear to treat New York City homeowners as
22 fairly as it does in other parts of the
23 state, because it doesn't seem to take into
24 consideration the broad base of taxes that

1 New York City property owners and New York
2 City residents pay.

3 What is your -- what do you think we
4 can do to tweak the Governor's proposal to
5 make it fairer to New York City homeowners
6 and New York City renters?

7 MAYOR DE BLASIO: Well, I'll only make
8 a broad point and then pass to Dean and
9 Sherif.

10 Look, as I said in my testimony, I
11 think there is a question of fairness and
12 consistency, New York City being treated, as
13 you said, in context with all the other
14 dynamics we face that might be different from
15 other parts of the state, and the inclusion
16 of renters. So I share your broad concern,
17 but let me have my colleagues speak about
18 specifics.

19 NYC BUDGET DIR. FULEIHAN: So again,
20 the mayor pointed out that the proposal does
21 include renters, so that was a positive piece
22 for dealing with New York City. But it is
23 still only giving New York City residents
24 29 percent of the program and clearly does

1 not recognize the full tax burden of New York
2 City, which is more than the property tax but
3 includes things such as the personal income
4 tax.

5 SENATOR SAVINO: I understand the
6 Governor's proposal only attributes
7 13.75 percent of rent as a renter's property
8 tax burden, but the Rent Guideline Board says
9 that it really should be reflected at
10 30 percent. So --

11 NYC BUDGET DIR. FULEIHAN: Yeah, we
12 would agree with you that it's a higher
13 ratio. There are many ways to get at this --
14 through tax burden, through recognizing the
15 higher ratio on the renters. It's clear to
16 us that the amount coming to New York City
17 homeowners and renters needs to be increased.

18 SENATOR SAVINO: Right. We put
19 forward a proposal that would require taking
20 into consideration the amount of personal
21 income tax that a New York City homeowner
22 pays, or even a New York City renter, to kind
23 of get to the threshold that would trigger
24 you being able to be a recipient of this

1 circuit breaker. Do you think that would be
2 a fairer way to treat New York City
3 residents?

4 NYC BUDGET DIR. FULEIHAN: Well, once
5 again, there are many ways to do that. One
6 way is to recognize the tax burden that's
7 unique to New York City with the personal
8 income tax.

9 So there are many ways to get that.
10 You've mentioned two, actually, the personal
11 income tax and the amount of rent that is
12 attributable to the property tax.

13 SENATOR SAVINO: Thank you. Now I'm
14 going to move on to another issue. I know
15 you've been a big supporter of raising the
16 minimum wage, and we're about to have another
17 minimum wage increase go into effect at the
18 end of this year. But as we like to say in
19 the union world, never enough. Right? It's
20 not enough.

21 The Governor's proposal, though, seeks
22 to kind of split the baby and acknowledge
23 that the cost of living in certain parts of
24 the state are higher than others. He's

1 putting forward a proposal of \$10.50 outside
2 the City of New York, and \$11.50 in the City
3 of New York.

4 A year ago when I was chair of the
5 Labor Committee I held a hearing on minimum
6 wage and local control, and out of that
7 hearing I proposed a piece of legislation
8 that does two things. First, it establishes
9 the state floor for a minimum wage, and then
10 it allows local governments, pursuant to
11 enabling legislation, to be able to raise
12 their own minimum wage 30 percent above the
13 state floor.

14 I believe that's a better way to
15 achieve closing the income inequality gap for
16 localities like New York City. I'm just
17 curious as to what you would think about that
18 proposal -- I know you have your own, but
19 there are multiple plans out there -- and if
20 you could speak a bit about whether you think
21 that might help New York City more than the
22 Governor's proposal.

23 MAYOR DE BLASIO: Yes, I -- first of
24 all, Senator, I appreciate your leadership on

1 this. And I think that although the
2 Governor's proposal is well-intentioned, I
3 agree with you that in the absence of a
4 clearer methodology for localities addressing
5 their own local needs, we simply will not be
6 able to give opportunity to people who
7 deserve it.

8 Right now, again, this figure which
9 I've talked about for the last couple of
10 years that is so sobering -- 46 percent of
11 our population in New York City at or near
12 the poverty level. Literally, that's
13 150 percent of poverty level or lower.

14 A family that's below the poverty
15 level can barely survive in New York City. A
16 family that is just slightly above the
17 poverty level is struggling every single day
18 to make ends meet. That's almost half our
19 population. And one of the biggest problems
20 we have, and I said this in my preliminary
21 budget announcement, is that as much as we
22 have benefited from some economic growth and
23 some great job growth, a lot of the jobs
24 being created are on the lowest end of the

1 income and wage scale -- retail jobs and
2 tourism jobs. Which, God bless, we want
3 those jobs, but if more and more of the
4 opportunity available in our city is for
5 people who can only get a minimum-wage job,
6 and the minimum wage remains so low, it is a
7 formula for disaster. And it's just going to
8 increase inequality and mean that more and
9 more families simply can't make it.

10 Your proposal is exactly in the right
11 direction. The state, by definition, leads
12 the action by setting a state minimum wage.
13 I believe fundamentally there should be then
14 a local option to go further, depending on
15 local conditions. The idea of going up to
16 30 percent more, I agree with 100 percent.

17 I also think there should be a formal
18 indexing model which would ensure that the
19 wage increases with inflation rather than
20 having to go through a protracted legislative
21 process each time there's a change in
22 inflation. While the legislative debate
23 ensues, families are feeling the effects of
24 that inflation. We should automatically move

1 the minimum wage with inflation. So I
2 appreciate your leadership.

3 SENATOR SAVINO: Thank you. Thank
4 you, I'm done.

5 CHAIRMAN FARRELL: Thank you.
6 Assemblyman Weprin.

7 ASSEMBLYMAN WEPRIN: Thank you,
8 Mr. Chairman.

9 Good morning, Mr. Mayor.

10 MAYOR DE BLASIO: Good morning.

11 ASSEMBLYMAN WEPRIN: Good to see you
12 again.

13 I appreciate your comments and your
14 testimony about New York City contributing
15 about 50 percent of the tax revenue to
16 New York State but clearly not getting that
17 same back in services.

18 You may recall Senator Patrick
19 Moynihan used to make that case vis-a-vis
20 Washington --

21 MAYOR DE BLASIO: Yes.

22 ASSEMBLYMAN WEPRIN: -- each and every
23 year, that New York City was a major
24 contributor to Washington as well as the

1 state, but more from the city, and we
2 certainly didn't get it back in services.

3 You may recall in our last year in the
4 New York City Council together in 2009, then
5 Governor Paterson zeroed out the Aid to
6 Municipalities for New York City for the
7 first time. And he said at that time, and he
8 said it to myself, he said it to a number of
9 people publicly, that that was going to be a
10 one-year zeroing out and then it would be
11 restored the following year.

12 And back then, by the way, it was
13 \$327.9 million out of a billion dollars in
14 AIM, or local Aid to Municipalities. So even
15 then it shortchanged New York City at the
16 \$327 million level, which was only about
17 32.8 percent of the aid overall.

18 But when Governor Cuomo came in, he
19 claimed that there was no cut to New York
20 City and the municipality because it was zero
21 from the year before, not mentioning what
22 Governor Paterson had said publicly at the
23 time was that it was only going to be a
24 one-year cut.

1 And it seems to me that nobody's
2 effectively made that case. And you
3 certainly made it as far as the contributions
4 of New York City. Why aren't we out there
5 yelling and screaming that we should be
6 getting back at least what the level was at
7 the time, which would have been \$328 million?
8 And even though in the overall New York City
9 budget that may not seem like a lot of money,
10 the uniqueness of that AIM aid, it was
11 unrestricted aid. It was something that did
12 not have handcuffs, that we could use in New
13 York City for major services, to fill gaps.
14 You know, why aren't we making that case
15 effectively and why are we just sitting back
16 quietly and not making that argument?

17 MAYOR DE BLASIO: Well, first of all,
18 I appreciate very much that you're raising
19 the point, Assemblyman, and that your sense
20 of history is absolutely correct. That was
21 something that should not have been taken
22 away from New York City. You're right, it
23 was supposedly a one-time adjustment. As
24 we've seen some other times in government,

1 appropriate. I would say the CFE discussion,
2 even bigger example of a wrong that needs to
3 be righted.

4 ASSEMBLYMAN WEPRIN: Well, I agree
5 with both. Again, I'll go back to your
6 testimony about New York City contributing
7 50 percent of the tax revenue to the state.
8 So I think there's clearly a need for both.

9 MAYOR DE BLASIO: We appreciate that
10 very much.

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

13 CHAIRMAN DeFRANCISCO: Senator
14 Hamilton.

15 SENATOR HAMILTON: Thank you,
16 Chairman.

17 Good morning, Mayor.

18 MAYOR DE BLASIO: Good morning.

19 SENATOR HAMILTON: A pleasure to see
20 you. I just want to say you've been doing a
21 good job as mayor of New York City. Your
22 staff has always been open to my office. The
23 universal pre-K in our program. You did come
24 to Brownsville for NYCHA to implement the new

1 employment center. A workforce forum --

2 MAYOR DE BLASIO: I'm sorry, Senator,
3 I couldn't hear you.

4 SENATOR HAMILTON: Oh, and thank you
5 for coming to Brownsville.

6 MAYOR DE BLASIO: It was my honor. I
7 enjoyed that. It was a good day.

8 SENATOR HAMILTON: It was a good day.
9 It was a great day.

10 Last night we had a housing forum, and
11 we had over 400 people coming to this housing
12 forum in Central Brooklyn, they're feeling
13 the housing crunch. You know, a one-bedroom
14 apartment now is \$2200. In the district our
15 landlords are getting very aggressive with
16 the tenants. I know there was a RFQ put out
17 by HPD for the remaining vacant land. I'm
18 just trying to figure out what's your vision
19 for that? Should it be for affordable or
20 low-income housing or a mix? I'm just trying
21 to get a pulse on where the city is heading.

22 MAYOR DE BLASIO: Let me just give my
23 broad approach because I don't know,
24 obviously, each specific available piece of

1 land in each neighborhood.

2 But the broad approach is we want to
3 maximize in each case. There are situations
4 where the smartest thing to do is to have an
5 all-affordable development. That's the most
6 efficient thing to do.

7 There are other situations where the
8 most efficient thing to do is to have a
9 mixed-income development or, you know,
10 residential that's mixed with retail and job
11 creation, et cetera. So it's really very
12 much case by case.

13 We are entrepreneurial, if you will,
14 in the sense that we are looking for every
15 available piece of land that can be built on.
16 And we're trying to figure out the best
17 formula for each situation, working with the
18 community and obviously working with elected
19 officials. But we feel an urgency. That
20 number that we've set, 200,000 units built or
21 preserved over 10 years, is by far the most
22 ambitious affordable housing program that any
23 locality in this country has ever undertaken.
24 It's going to mean literally untapping every

1 available plot of land.

2 So I think the answer is it's going to
3 be case by case, but we want to work with you
4 to figure out how we can maximize
5 affordability in each part of your district.

6 SENATOR HAMILTON: Right. One of the
7 main questions also last night, people were
8 saying why there's so much subsidies to build
9 luxury housing. As you know, we have the
10 421-a exemption which will be looked at this
11 year. I just want to get your opinion on how
12 we should proceed with the 421, are you in
13 favor of the 80/20 rule or the 30/50/20 rule,
14 or should the 421-a be modified just for
15 affordable or low-income housing?

16 MAYOR DE BLASIO: So I would say in
17 terms of the broad question of affordable
18 housing, our goal is to maximize and to
19 ensure in each circumstance that we take that
20 affordability percentage to the highest
21 possible level. So again, I think compared
22 to some of the traditional models, we've
23 found already, with some of the tools we've
24 put in place, mandatory inclusionary zoning

1 and other tools, that we can get the
2 affordable percentage up higher.

3 In terms of 421-a, I know that's going
4 to be a very important discussion here in
5 Albany, and that will proceed after the
6 budget is complete. And we're going to have
7 a lot to say on that as we get closer. The
8 broad construct I'd say is we're going to
9 look at how 421-a connects to maximizing
10 affordable. But we'll have, you know,
11 details as we get closer.

12 SENATOR HAMILTON: The reason why I
13 say that, there are in my district a lot of
14 single mothers, some of them earning minimum
15 wage. So let's say you make \$10 an hour,
16 you're making \$1,600 a month. And if you
17 just go to the -- use a scale of paying
18 50 percent -- not 30 percent, 50 percent of
19 your income to rent, that's \$800 a month.
20 Where do they find a place to live in
21 New York City at this point in time?

22 MAYOR DE BLASIO: Well, I think that's
23 exactly the challenge. And, you know, I said
24 in my State of the City speech, for a lot of

1 reasons, including the economic crisis --
2 again, the greatest economic crisis since the
3 Great Depression -- and including the
4 extraordinary increase in the housing values
5 and the housing costs in the city, and the
6 phenomenon of gentrification over the last
7 20-plus years, we've got a little bit of a
8 perfect storm here where we've got a real
9 pressure on working people.

10 And middle-class people are feeling
11 the pressure, low-income people are feeling
12 the pressure. That's that 46 percent number
13 again. Anyone in that 46 percent of our city
14 is feeling the pressure on housing costs.
15 And you saw those extraordinary numbers on
16 how many people have a rent burden.

17 The answer from my point of view is to
18 combine an exceedingly ambitious program for
19 building and preserving affordable housing --
20 literally, the 200,000 units is the most
21 anyone I have ever met with believes is
22 conceivable in a 10-year time frame. Some
23 people believe it is, you know, even more
24 ambitious than they can ponder. But we

1 believe it's doable with enough focus and
2 with the help of the Legislature.

3 But the other piece is to enforce the
4 laws we have. And it is abundantly clear
5 that many thousands of people have been
6 forced out of affordable housing illegally
7 because there was not sufficient enforcement
8 of rent regulation.

9 I said clearly what we need to do is
10 not only maintain but strengthen rent
11 regulation, but it also has to be enforced.
12 If the laws we already had had been enforced,
13 thousands and thousands of people, including
14 residents of your district, would still be in
15 affordable housing right now. If the laws
16 are not enforced and not strengthened, we're
17 going to lose thousands, ultimately tens of
18 thousands of people's homes.

19 So I think at this moment it is a
20 crisis. One part is what we can do to build
21 and preserve, but the other part is getting
22 the rent laws right and getting the
23 enforcement right.

24 SENATOR HAMILTON: Thank you. I have

1 one last question. I'm for mayoral control,
2 but I think we should have more of a parental
3 involvement component. When I was school
4 board president we had the fifth best school
5 in New York State, the Crown School for Law
6 and Journalism. And in your report you said
7 there's a lot of mismanagement, waste and
8 corruption on school boards. We didn't have
9 that on my school board. I know you were a
10 member of the school board also.

11 MAYOR DE BLASIO: Yes, I was.

12 SENATOR HAMILTON: Did you see waste,
13 mismanagement and corruption on your school
14 board?

15 MAYOR DE BLASIO: I saw plenty of
16 waste, mismanagement and corruption around
17 the city, there's no question in my mind.
18 I'm proud to say in District 15, in the years
19 I was there, I think it was very well run.
20 In fact, the superintendent for much of that
21 time was Carmen Fariña, who's doing an
22 extraordinary job as our chancellor now.

23 But I'm not saying -- obviously,
24 Senator, I agree with you, it wasn't

1 everywhere. And I think there were many good
2 and decent school board members and good and
3 decent local superintendents. But there was
4 also, tragically, some real and consistent
5 cases of corruption all over the school
6 system.

7 And equally, there was an inability of
8 the school system to move forward. I use
9 those examples. If we had attempted to do
10 what we did on pre-K or after-school without
11 mayoral control, there's no way in the world
12 we could have possibly achieved it.

13 SENATOR HAMILTON: Thank you, Mayor de
14 Blasio.

15 MAYOR DE BLASIO: Thank you.

16 CHAIRMAN FARRELL: Thank you.

17 Assemblyman Ortiz. Will Mr. Cusick
18 exchange chairs, please.

19 ASSEMBLYMAN ORTIZ: Thank you,
20 Mr. Chairman.

21 Good morning, Mr. Mayor.

22 MAYOR DE BLASIO: Good morning.

23 ASSEMBLYMAN ORTIZ: Yeah, it's still
24 morning, okay.

1 First of all, I would like to thank
2 you and your staff for always having the door
3 open for the people of my district.

4 Secondly, there was a report come out
5 on the New York Times last week about
6 occupational therapy being allocated to some
7 of the schools. One of my schools in
8 District 20, P.S. 503, has managed to have an
9 occupational therapy and mental health
10 provider, which I think is a wonderful model.

11 My question to you is, are you
12 planning to, through the Department of
13 Education, to continue to expand and enhance
14 these throughout the integrated students that
15 are coming into different schools where you
16 have disabled kids and nondisabled kids
17 working together at this point throughout the
18 City of New York?

19 MAYOR DE BLASIO: I want to make sure
20 I'm responding properly. I think you're
21 talking about the inclusion efforts to
22 ensure -- and correct me if I'm wrong here --
23 to ensure that special ed and general ed kids
24 are taught together.

1 ASSEMBLYMAN ORTIZ: That is correct.

2 MAYOR DE BLASIO: We believe
3 fundamentally in that model. Something I've
4 talked about personally, as both my children
5 went to an elementary school that was one of
6 the innovators of that model. In fact, in
7 P.S. 372, where my kids went, across all the
8 grade levels, half the kids were special
9 education and half were general ed. So I
10 it's a very powerful model.

11 We have found it to be increasingly
12 successful. We are trying to be very mindful
13 of the support necessary to make sure that
14 model can work, and that's part of why we put
15 so much focus on teacher training. That's
16 one of the things necessary to really support
17 that model. But yes, that is definitely the
18 direction we continue to move in.

19 ASSEMBLYMAN ORTIZ: And the other
20 component is that, you know, it will be
21 wonderful to also look through the system and
22 try to begin to include social workers,
23 mental health providers, and also trying to
24 figure out how we can find the guidance

1 counselors and psychologists in every school.
2 I think that, you know, I'm very proactive
3 regarding early intervention. I believe
4 early intervention can help us to identify
5 the issues and the problems that our children
6 and our families are facing and then creating
7 a model that will develop a positive outcome
8 regarding these families rather than look 10
9 years from now and see them in the jail
10 system.

11 So I commend you for that. I hope
12 that you can continue to do that.

13 My next two questions, quickly, is as
14 you probably know I've been advocating for a
15 \$2 billion infrastructure. I do believe that
16 in order to create business, bring
17 manufacturers to communities such as the one
18 that I represent, we need to have a very
19 solid infrastructure. That way, businesses
20 will be attracted to the neighborhoods that
21 we want to attract them to and create jobs.

22 My question to you is, do you support
23 the initiative of a \$2 billion bond act for
24 infrastructure for the City of New York as

1 well as for the other 61 municipalities?

2 MAYOR DE BLASIO: Just -- I want to
3 make sure, again, I'm answering properly.
4 First let me take you back one step.

5 On the early intervention question, I
6 want to thank you for raising it. I just
7 want to affirm we believe that so much more
8 can be done if our children's needs are
9 identified early on, particularly in the area
10 of mental health. That is why the
11 Community School model includes a mental
12 health component in every school that is a
13 Community School.

14 We believe that in fact this is not
15 only the morally right thing to do, it gives
16 us a much greater chance of serving a kid
17 effectively and using our resources
18 effectively over time to help that child. So
19 we're very, very devoted to it, and the
20 Community Schools are going to be the leading
21 edge of that effort.

22 On infrastructure, my broad answer,
23 and then Dean or Sherif may add, is again I
24 said in my testimony we've got a huge

1 infrastructure funding gap which is going to
2 undermine the economic future of the city.
3 And if the economic future of the city is
4 undermined, that will clearly affect the
5 whole state.

6 It is the kind of issue that, not
7 shockingly, doesn't get the attention that
8 some other issues get. But unlike many other
9 issues, while we are not addressing it, the
10 situation gets clearly physically tangibly
11 worse. And it has a very real multiplier
12 effect, a negative multiplier effect, on our
13 economic future if roads, bridges, mass
14 transit and a whole host of other
15 infrastructure are not addressed in real
16 time. We can't keep growing our economy and
17 growing the impact we have on the state if we
18 don't get that support.

19 ASSEMBLYMAN ORTIZ: On the same topic
20 regarding the infrastructure, you know, we
21 are both interested in redeveloping the
22 Sunset Park waterfront. What can you tell us
23 about the new direction the city will take
24 regarding the waterfront at Sunset Park,

1 Red Hook, and the others throughout the city?

2 MAYOR DE BLASIO: Look, I think we
3 have a number of opportunities in terms of
4 Sunset Park and Red Hook. We believe -- and
5 we certainly see this with the Brooklyn Army
6 Terminal, that there is an extraordinary
7 desire to build the right kind of jobs for
8 the future of this city. Technology is a
9 great example, film and television -- there's
10 a host of industries that are growing in the
11 city that have the great characteristic of
12 providing higher-wage jobs. And the Brooklyn
13 Army Terminal is a great, great example of
14 that, and continues to thrive. And we've
15 invested in it.

16 We believe, by the way, that the
17 proposal we've made regarding ferry service,
18 which we'll be implementing over the next few
19 years, is going to greatly benefit the
20 Brooklyn waterfront, among other areas. Red
21 Hook is a place that will particularly
22 benefit that has been very underserved by
23 mass transit. This will provide an important
24 new option. But it will also unlock the

1 opportunity for more job creation. So we're
2 very positive and hopeful about what could be
3 done along the waterfront in terms of job
4 creation if we provide the proper supports.

5 ASSEMBLYMAN ORTIZ: Thank you. Thank
6 you, Mr. Mayor. Thank you for your response.
7 And I'm looking forward to continue working
8 with you and also the commissioner of EDC as
9 we develop -- as we move forward on this
10 project. Thank you.

11 MAYOR DE BLASIO: Thank you.

12 ASSEMBLYMAN ORTIZ: Thank you,
13 Mr. Chairman.

14 CHAIRMAN DeFRANCISCO: Thank you.

15 I apologize to Senator Felder, I moved
16 right over his name. So I am very pleased to
17 introduce the next questioner, Simcha Felder.

18 SENATOR FELDER: Thank you very much.

19 Three comments in the area of
20 education. And in the near future, my
21 committee is going to have hearings on
22 mayoral control, so I don't want to take up
23 the time, but I would be interested at that
24 point in finding out why the mayor thinks

1 that the way we have it now with the three
2 years, what's the benefit of the permanency.
3 In other words, what's the real downside.
4 That's one.

5 Two, I'm very happy about the
6 discussion on guidance counselors. I think
7 that the numbers may even be higher. But we
8 don't have to argue about how bad something
9 is if we're both very concerned about
10 improving it.

11 MAYOR DE BLASIO: Yes.

12 SENATOR FELDER: And then finally, on
13 Raise the Age, I think that it's very
14 important, but we have to also work on making
15 sure that Family Court is open at least till
16 midnight to be able to handle these cases.
17 Because if not, we're going to have
18 difficulty with cases like these having to
19 wait a day or two or three to be seen, and
20 that would be a problem.

21 So those are three comments.

22 On the affordable housing, I have the
23 honor of sitting near the chair, Assemblyman
24 Wright, of the Housing Committee -- not only

1 here, I have the honor of being his neighbor
2 in the LOB as well.

3 ASSEMBLYMAN WRIGHT: It's my honor,
4 Senator. Totally my honor.

5 (Laughter.)

6 SENATOR FELDER: I was hoping you'd
7 say that. I was hoping you'd say that.

8 But on that, on the discussion about
9 affordable housing -- and I know that there's
10 going to be a larger discussion. But I think
11 the testimony, at least a third of it, dealt
12 with affordable housing. And I think that
13 it's fair to say that 421-a and property tax
14 relief and those things are an integral part
15 of the affordable housing.

16 And I think it's also fair to say that
17 not every homeowner or property owner or
18 developer is a devil, and not every renter is
19 an angel. And I've been both -- I don't mean
20 a devil and an angel, I mean a renter and a
21 homeowner.

22 So I was just wondering, you know,
23 whether it's, one, on the 421-a fronts, I
24 think that there's been some discussion, but

1 I think -- I'd love to hear a little more
2 about what your feelings are about whether it
3 should be extended and, if it should, in its
4 current form.

5 And then the second issue, which is
6 something that's been a long-standing problem
7 where the thought that comes to mind years
8 ago of somebody owning a condominium or a
9 co-op used to be of some wealthy person
10 somewhere, you know, in the most valuable
11 property in the city. The city has changed.
12 We still have many, many single family
13 homeowners, but we also have many, many
14 middle-class to lower-income-class homeowners
15 that don't own single homes, they own co-ops
16 and condominiums. And the tax rates clearly
17 are compounded with the lapse of the 421-a.
18 Many, many people who were able to buy co-ops
19 or condominiums as a result of the tax
20 abatements, now that it's going to lapse,
21 will even have their disproportionate tax
22 rates compounded.

23 So I'm delighted that, you know, we're
24 lucky enough to own a small house in

1 Brooklyn. But somebody who owns a
2 condominium that probably has more square
3 footage or less square footage than I have in
4 my small house is paying twice as much in
5 real estate tax.

6 Now, my request is not for you to
7 somehow work a deal to increase my real
8 estate tax, obviously. But this discussion,
9 again with affordable housing, it's not only,
10 you know, these humongous houses, affordable
11 housing has to do with people being able to
12 buy in a three- or four-family house or rent
13 in a three- or four-family house.

14 So back to the question, I'd love to
15 hear a little more about 421-a and about your
16 vision for the tax effects and how tax
17 breaks, tax class -- and again, I'm doing it
18 with your permission, because this is really
19 your expertise.

20 ASSEMBLYMAN WRIGHT: No permission
21 needed, Senator.

22 SENATOR FELDER: Okay, thank you.

23 MAYOR DE BLASIO: First of all,
24 Senator, as you indicated, you and I are in

1 the same boat as Brooklyn homeowners. So the
2 good news is whatever actions are taken on
3 that front, we will feel the effects of.
4 That's a good way of ensuring a functioning
5 democracy.

6 So quickly running through the points,
7 I just look forward very much to the
8 conversation on mayoral control. And I will
9 simply assert here that I think the argument
10 for permanency is that it is now a decade in,
11 and it has worked very consistently. And
12 it's the kind of thing that, from my point of
13 view, there should be no turning back. This
14 is the right model for ensuring
15 accountability in education.

16 And that's why I don't think it should
17 be a question of constant renewal. I think
18 any other thing where we come to consensus we
19 have the right model, you know, we tend to
20 lock it in.

21 Thank you for your point on guidance
22 counselors, which I appreciate very much.
23 And we look forward to working with you on
24 that.

1 On Raise the Age, I agree with you a
2 hundred percent that we have to not only do
3 it but think about all the ramifications --
4 practical, like the hours of Family Court --
5 and the costs involved. And again, that's
6 why I commend the Governor for affirming that
7 the state should be responsible for those
8 costs. But you're exactly right, that's one
9 of a number of things that have to keep
10 evolving with Family Court to keep up with
11 the changing reality.

12 One other point before the 421-a. On
13 the angel and devil point, I said in the
14 State of the City I think the vast majority
15 of landlords are good and law-abiding
16 landlords. I think the ones we're dealing
17 with, the bad apples, are clearly a minority.
18 I agree with you, not every tenant is
19 perfect. There are some tenants who also
20 break the law or do inappropriate things.

21 But I think the broad dynamic we're
22 facing is that a small number of bad
23 landlords have a disproportionate large
24 impact and have forced out, sadly, thousands

1 and thousands of tenants in what is
2 obviously, you know, the most expensive city
3 in the country. So that's the problem we're
4 trying to get at.

5 421-a, as I said, my broad construct
6 is yes, we will have a lot to say. And
7 details on 421-a, we're just not there yet,
8 but we will be in the coming weeks.
9 Obviously the attention of this body is going
10 to turn towards that as the budget process is
11 winding down. We will be thinking in terms
12 of how 421-a relates to affordability, how to
13 have the appropriate impact on the affordable
14 housing needs considering 421-a. But it
15 would be right to say that we will have a
16 much more detailed analysis and proposal when
17 we get a little closer.

18 SENATOR FELDER: Thank you.

19 CHAIRMAN FARRELL: Thank you.

20 Assemblyman Keith Wright, to the left.

21 ASSEMBLYMAN WRIGHT: Thank you,

22 Mr. Farrell.

23 Good morning, Mr. Mayor.

24 MAYOR DE BLASIO: Good morning.

1 ASSEMBLYMAN WRIGHT: Good morning. I
2 want to thank Senator Simcha Felder for his
3 taking -- asking some of the questions that I
4 will be asking as well.

5 First of all, I want to thank you,
6 Mr. Mayor, for making housing the centerpiece
7 of your administration in terms of the work
8 that really needs to be done. As chair of
9 the Housing Committee here in the Assembly, I
10 know that it's probably one of the most
11 exciting subject matters that we will be
12 approaching right now and also in the near
13 future.

14 One of my questions is that I want to
15 ask you for some help. And the help is in
16 how we in the City of New York define exactly
17 what is affordable, what is affordable
18 housing. I do know that the federal
19 government makes that sort of construct in
20 terms of defining what is affordable housing
21 in terms of what is the AMI, area median
22 income.

23 The five boroughs -- and you talk
24 about income inequality. The five boroughs

1 in the City of New York have their median
2 income, but we are also lumped together with
3 Westchester and Rockland County, two of the
4 richest counties in the state and in the
5 nation.

6 So I think it gives a skewed view of
7 what could be affordable or what should be
8 affordable in the City of New York, thus
9 upping the ante, if you will. I was just
10 wondering if I could ask for your help in
11 that in terms of lobbying the federal
12 government. I'd like to do it with you. I'd
13 like to do it with you, do it side by side,
14 so that we can get a better view of what
15 exactly is affordable. As you know, that
16 term of art has been used to exaggeration, as
17 to people building affordable housing. So I
18 was just wondering what your view is on
19 Westchester and Rockland County being lumped
20 into it.

21 MAYOR DE BLASIO: I appreciate it.
22 First of all, thank you for your leadership
23 of the Housing Committee. We rely on you a
24 lot in the city, and you have consistently

1 been there for the people of New York City.

2 I want to thank you for that.

3 And yes, this will be not only the
4 centerpiece of so much of what we're going to
5 do in this administration, but I've said this
6 is a top priority for 2015, to move this
7 affordable housing plan.

8 I think you're right that there's a
9 definition problem. And I think you're right
10 that we need to have a truer conversation
11 through the way the federal government looks
12 at the figures about the level of need. Part
13 of what we've seen is the disinvestment in
14 public housing, overtly, disinvestment of
15 Section 8. And I think some of that is, if
16 you will, enabled by the phenomenon that you
17 talk about that the numbers are a little
18 rosier the way the federal government looks
19 at them than is the truth.

20 Now, I'd be very enthusiastic to work
21 with you on that issue.

22 I think underlying the problem is that
23 as we have looked at affordability in
24 New York City in general, what used to be a

1 decent income has been undermined by changing
2 economic circumstance. The cost of living in
3 New York City has gone through the roof. The
4 cost of housing is unrecognizable compared to
5 where it was 10 or 20 years ago.

6 I tell the story of when my wife and I
7 looked to buy our first house in 1998, the
8 prices that we heard about in our
9 neighborhood we thought were very high and
10 challenging. You know, we would only dream
11 of that today; we're talking about prices
12 that were a quarter, literally, of what they
13 are today.

14 So we've seen an extraordinarily rapid
15 increase in housing costs, but other costs as
16 well. So what is affordable and what is
17 middle class, these numbers are --
18 unfortunately, there's a lot of upward
19 pressure.

20 What we tried to do with our housing
21 plan is say we need an income mix in how we
22 approach affordable housing. A substantial
23 part of our plan is devoted to people who
24 make \$20,000 a year or less. Another

1 increment is people who make \$40,000 to
2 \$20,000, and so on.

3 So we're trying to divide up the
4 housing to try and reflect the level of need
5 and the range of need. At the same time, we
6 know that a lot of people who 20 years ago
7 would have had no trouble finding affordable
8 housing on the proportionate salary that they
9 make today, are having an immense struggle
10 today. And we need, you know, middle-class
11 people to have support to stay in the city as
12 well. So we've tried to build a plan that
13 accommodates the range.

14 I think the challenge in all this is
15 if we don't do this quickly, as was sort of
16 the core message of my State of the City
17 speech, the city will not be recognizable if
18 we don't address this issue.

19 We have for literally not only
20 decades, centuries, been a place where anyone
21 from anywhere could find opportunity. That
22 is threatened now, in a way for the very
23 first time, if we don't address this
24 affordable housing crisis and for a very

1 broad range of incomes. We can only do that
2 with your help, with the Legislature's help.
3 So that's part of the urgency I'm presenting
4 today. If we don't do that, the city will
5 become more and more exclusive and I believe
6 will fundamentally not have some of the great
7 capacity it's had historically to be a
8 creative and entrepreneurial engine.

9 ASSEMBLYMAN WRIGHT: Well, certainly
10 we look forward to working with you in terms
11 of trying to end some of the problems in
12 housing, certainly. And we have to do it
13 quickly, as you said, and precisely for the
14 future of our city.

15 I know that Senator Hamilton was
16 speaking about it, but I had stepped out of
17 the room. And you talked to Senator Felder
18 regarding 421-a. I gather we'll be talking
19 more about that after the budget is done.

20 MAYOR DE BLASIO: Yes, we will.

21 ASSEMBLYMAN WRIGHT: Okay. Some of
22 your housing program, an integral part of the
23 housing program, entails the upzoning, as I'm
24 told. Is that true?

1 MAYOR DE BLASIO: Yes.

2 ASSEMBLYMAN WRIGHT: Do we know where
3 we're upzoning as of yet?

4 MAYOR DE BLASIO: We presented several
5 areas of the city that we believe make
6 particular sense right now to pursue
7 upzonings -- obviously, working closely with
8 the community and elected officials; amongst
9 them, East Harlem, East New York, the
10 North Shore of Staten Island and other areas.

11 The common link in all these cases is
12 communities that are experiencing, in many
13 cases, increased pressure from development
14 already that, if unaddressed, will mean
15 development that unfortunately displaces a
16 large number of existing residents without
17 any kind of compensatory affordable housing
18 program.

19 So we see the development moving in a
20 lot of these neighborhoods. But we also have
21 the opportunity, because of scale. To create
22 a lot of affordable housing in these
23 communities, either a lot of vacant land or
24 the kind of scale that exists already that

1 would make sense.

2 So we've put forward several areas of
3 the city that we believe we can start on now.
4 That is one piece of the plan. Obviously
5 preservation -- you know, 60 percent of the
6 plan is preservation. So by definition,
7 that's everywhere, and that's trying to keep
8 the affordability we have in place.

9 But on the building-out piece of the
10 plan, which is about 80,000 units, that
11 requires rezonings to play an important role.

12 ASSEMBLYMAN WRIGHT: I have about a
13 million other questions, Mr. Mayor, but we
14 will be talking about them as we move the
15 plans forward in terms of certainly rent
16 regulation, and J-51 and such have to be
17 talked about as well. So -- but thank you,
18 Mr. Mayor.

19 MAYOR DE BLASIO: Look forward to it.
20 Thank you.

21 ASSEMBLYMAN WRIGHT: Thank you.

22 CHAIRMAN FARRELL: Thank you.

23 Senator?

24 CHAIRMAN DeFRANCISCO: Senator

1 Squadron.

2 SENATOR SQUADRON: Thank you very
3 much. It's good to see you. Appreciate all
4 of your time.

5 MAYOR DE BLASIO: Good to see you.

6 SENATOR SQUADRON: I wanted to
7 reiterate -- I know the issue's been raised a
8 lot, but the NYCHA issue here. I notice that
9 you brought a fair amount of the fourth
10 estate with you up the Thruway, and I want to
11 make sure that as they drive back down and
12 file their stories, NYCHA is in that lead.
13 Because you make the point vividly in your
14 testimony, and I think that for many of us in
15 our districts, we experience it vividly every
16 day trying to represent them. And certainly
17 the baselining of the \$72.5 million,
18 hopefully with also, as the course of the
19 year goes on, a legal obligation that that
20 never comes back in a future administration
21 that doesn't understand the importance of
22 NYCHA, I think is very important. And that
23 \$300 million that you're requesting that the
24 city is willing to match is, I think as we've

1 already heard, a minimum, but an absolutely
2 critical one.

3 Whatever else we can do for public
4 housing at the state level, with the
5 knowledge that on the state level we're not
6 innocent of what we see as the sins of the
7 federal government. We also have, as the
8 budget director mentioned, cut operating
9 funding that public housing was due,
10 certainly for that decade between the
11 beginning of this century and the
12 federalization of some of those units. So
13 {inaudible}.

14 And I also want to touch on the
15 universal pre-K program which you talked
16 about, which is rolling out in aggressive
17 fashion and we're seeing all over the place.

18 I think that, you know, the sort of
19 evidence is clear that UPK is important, that
20 it's even more important if you start even
21 earlier, and that there are programs,
22 especially home visiting programs,
23 partnership programs with expectant new moms
24 and families and young kids that can make

1 sure that impact is even greater.

2 In a tripartisan fashion in the
3 Senate, along with Senators Gallivan and
4 Savino and a lot of my other colleagues,
5 along with the Assembly, we've been pushing
6 for an expansion of funding for the
7 Nurse-Family Partnership program at the state
8 level. If our proposal goes forward, we will
9 over the next couple of years move to a
10 universal Nurse-Family Partnership in the
11 state. We can next year increase the size of
12 the program in New York City by 50 percent,
13 and so I would urge that to be part of what
14 the city pushes for.

15 And I don't know if you have any
16 familiarity with that program -- your
17 Department of Health runs an exemplary
18 version of it right now -- and whether you
19 are supportive of it.

20 MAYOR DE BLASIO: Thank you very much,
21 Senator.

22 First of all, thank you for your focus
23 on NYCHA, and I couldn't agree more with your
24 analysis. And I just remind everyone that it

1 is such a blessing to have 400,000-plus
2 people have affordable housing available to
3 them. It's one of the reasons why New York
4 City remains an economically diverse place.
5 But that won't be the case if our physical
6 infrastructure continues to crumble and it's
7 not addressed.

8 So I really appreciate the central
9 focus you put on NYCHA, because it is crucial
10 to our future. And thank you again for your
11 support on pre-K.

12 On the Nurse-Family Partnership, it is
13 a very commendable program. It's something
14 we do believe in. It is a costly program
15 because it makes a very big impact with a
16 very hands-on approach. So we welcome
17 support for it, and we're trying to innovate
18 approaches like the Nurse-Family Partnership
19 and other types of similar approaches.
20 Because the more we can reach children very
21 early on and help parents to provide the best
22 support to their kids -- but clearly, again,
23 morally, absolutely correct. But
24 practically, we find it pays off many times

1 over in terms of later outcomes. So I
2 appreciate your support for it.

3 SENATOR SQUADRON: Thank you.

4 And representing a waterfront
5 district, I was very excited about the ferry
6 expansion, particularly Grand Street and
7 Pier 6 in my district, but much more broadly,
8 as you've discussed, as an economic engine.

9 What else could the state be doing to
10 make that expansion successful and even more
11 dramatic? Since we know we have a critical
12 mass problem.

13 MAYOR DE BLASIO: Look, we're going to
14 be working closely with the state, obviously
15 in some cases DEC, in terms of the siting of
16 facilities, and other state agencies. So
17 there's a practical point which we'd
18 appreciate your support on of just making
19 sure that we can all work together to stay on
20 the schedule we've put forward.

21 Obviously as we build this out,
22 funding support is important. We think this
23 is going to have a transcendent effect. And
24 I remind people, on top of all the other

1 dynamics we've discussed already, this is a
2 city that is going from our current
3 8.4 million or so to 9 million people
4 projected by 2040. Right now there are, for
5 example, subway lines in the outer boroughs
6 where people literally can spend the morning
7 rush hour where train after train comes and
8 they literally can hardly get on a train for
9 quite a while, it's that crowded.

10 But imagine adding another 500,000 or
11 600,000 people to our population, and a lot
12 of those folks would be in the areas around
13 our waterfronts. This ferry service is so
14 important to add another option to relieve
15 some of that pressure on the MTA. And we
16 also think it will have a great economic
17 development impact. So there's a lot of ways
18 the state can support us in that, and we'd
19 appreciate your help.

20 SENATOR SQUADRON: When that
21 experience happens to my wife, I hear about
22 it dramatically, so I'm familiar with that
23 subway experience personally in my household.

24 But actually to that point and the

1 waterfront, we have already seen some real
2 expansions of use of infrastructure --
3 schools where we have overcrowding problems
4 in places we never would have expected them a
5 decade ago; transit, as you talk about. In
6 that context, and I think you know my
7 long-standing concern about Brooklyn Bridge
8 Park in general --

9 MAYOR DE BLASIO: Yes.

10 SENATOR SQUADRON: -- and about the
11 impact of development in Brooklyn Bridge
12 Park, if there is any development there, I
13 agree with you, it should be affordable, but
14 there's a broader issue as to whether it's an
15 appropriate place. And whether, at this
16 point, we're considering all of the
17 infrastructure needs.

18 So I would urge that we look
19 comprehensively at transit, at schools, and
20 at development especially there, and
21 especially as we kind of think of the
22 waterfront much more broadly because of all
23 of its potentials for the values you've
24 discussed.

1 MAYOR DE BLASIO: Thank you.

2 SENATOR SQUADRON: Thank you very
3 much.

4 CHAIRMAN FARRELL: Thank you.
5 Assemblyman Kavanagh.

6 ASSEMBLYMAN KAVANAGH: Thank you,
7 Mr. Chairman. And thank you, Mr. Mayor, for
8 your time.

9 MAYOR DE BLASIO: Thank you.

10 ASSEMBLYMAN KAVANAGH: I guess this is
11 a bit of the housing segment of this hearing.
12 But I wanted to follow up with you on some of
13 your comments on public housing. As I think
14 you know, I have many thousands of public
15 housing residents. And I'm heartened to see
16 that the city is coming with a very ambitious
17 proposal for some state funding and also
18 making a commitment to match that funding
19 with some city funding.

20 Just in the last couple of days, we
21 had a fatal shooting the other day right in
22 front of one of my developments. And to the
23 extent that crime is going to be solved, it's
24 likely going to be because there was security

1 equipment in place like cameras. Just during
2 this hearing I was notified that in Gompers
3 Houses 238 tenants were without heat and hot
4 water. I'm happy to report that that has
5 been resolved during the course of this
6 hearing.

7 MAYOR DE BLASIO: It has been
8 resolved?

9 ASSEMBLYMAN KAVANAGH: It has been
10 resolved.

11 MAYOR DE BLASIO: Good.

12 ASSEMBLYMAN KAVANAGH: A very old
13 boiler was without pressure, and NYCHA went
14 in very rapidly and fixed that.

15 But these problems are ongoing and
16 really, you know, a tremendous quality of
17 life problem and also a huge problem for the
18 economic vitality of the city because, you
19 know, the people who work and keep our city
20 running often have to live in these
21 conditions which make that difficult.

22 So I just want to -- at the Housing
23 budget hearing there was a fair amount of
24 talk about this issue, and particularly going

1 to the question of the extent to which, if
2 the state is granting money to NYCHA, it can
3 be expected that that money will be spent
4 responsibly, and there was discussion about
5 the accountability of NYCHA. And I know the
6 administration has done some work on that and
7 also, again, devoted increasing city
8 resources.

9 So I first want to ask just that --
10 you mentioned in your testimony that the
11 police payments have been now eliminated.
12 NYCHA had paid for many years tens of
13 millions of dollars to the NYPD. I know that
14 was eliminated last year on a one-year basis.
15 I know it's again in your budget. Is that
16 now a permanent --

17 MAYOR DE BLASIO: Yes. We have
18 proposed that that be baselined and be
19 permanent relief for NYCHA.

20 ASSEMBLYMAN KAVANAGH: Great. Because
21 I think that's something the city I think
22 hasn't gotten enough credit for. And, you
23 know, for all of us at the state who are
24 being asked for money, having -- that's about

1 70-odd million in recurring expense money
2 that has to come out of the general revenue
3 of the city, and it's a huge commitment. So
4 we appreciate that. And that's something
5 that advocates have worked for for a very
6 long time.

7 On the \$300 million, you're looking
8 basically for \$300 million of new investment
9 in state capital and you'd match it with city
10 capital?

11 MAYOR DE BLASIO: That's correct.

12 ASSEMBLYMAN KAVANAGH: Okay. Again,
13 that's something I look forward to working
14 with my colleagues to try to sort that out.

15 Can you talk a little bit about what
16 you've done in the last 14 months now to
17 improve the kind of accountability and the
18 effectiveness of capital investments in
19 NYCHA?

20 MAYOR DE BLASIO: Yeah, I'll start; I
21 imagine that Dean will want to add.

22 Look, I think we all understand that
23 NYCHA and all public housing around the
24 country was created in a cooperative

1 arrangement with the federal government and
2 to a large extent with state government as
3 well. And if there had been a greater
4 consistency in the way that vision was
5 followed through, we'd be, again, having a
6 very different resource discussion and we'd
7 be having a very different quality of life
8 and safety and health for our residents if,
9 in particular, the federal government had
10 not started walking away from its commitment
11 to public housing in the 1980s and 1990s.
12 And that has accelerated.

13 So I use the analogy -- again, there
14 was a partnership agreed to for the long-term
15 that was going to affect millions and
16 millions of people, and then one of the
17 partners decided it was no longer as
18 interested.

19 That being said, we try in every way
20 we can to hold up our end of the bargain.
21 That is why we baselined the \$72.5 million.
22 That's why we have insisted on additional
23 accountability measures for NYCHA. We had a
24 situation, you'll remember, with security

1 camera funding that had not been implemented
2 in the previous administration. All those
3 resources were utilized, all these cameras
4 were put in place by December of last year.

5 We had a situation where a number of
6 developments had scaffolding or sheds that
7 were put up -- in some cases months and
8 months, in other cases even years where that
9 physical impediment not only made the quality
10 of life worse in developments, but according
11 to the experts, the NYPD, made the situation
12 less safe. There were more places for
13 criminals to lurk and less clear sight lines
14 for our police officers, et cetera. We have
15 now accelerated the program to remove that
16 scaffolding.

17 We had a situation where a number of
18 developments didn't have proper exterior
19 lighting that was also crucial to the NYPD's
20 ability to patrol them. We put in emergency
21 lighting in our most troubled developments
22 and now are moving permanent lighting into
23 place. All of these are examples of
24 literally demanding of NYCHA fast and

1 efficient work plans on a variety of very
2 fundamental matters.

3 And of course what the \$72.5 million
4 allowed us to do -- and even before that, the
5 \$50 million-plus that we put into fiscal
6 2014 -- was to accelerate repairs. Which, as
7 you know -- and I stood with you outside, I
8 think, Smith Houses and we did a press
9 conference together in 2013 -- the rate of
10 repairs, particularly health and safety
11 repairs, was unacceptable.

12 We've now sped that up greatly with
13 those resources being dedicated. And we've
14 held NYCHA accountable for keeping consistent
15 the repair timelines. A lot more to be done,
16 but we feel very good about the
17 accountability on both the expense and the
18 capital side.

19 Do you want to add?

20 NYC BUDGET DIR. FULEIHAN: Sure.

21 It's just even a longer list for three
22 years. As you pointed out, there was almost
23 and more effectively a moratorium on the
24 security cameras, even though there was a

1 hundred million dollars sitting aside for it
2 to happen. That has now all been spent.

3 The community centers, in addition,
4 and the police effort over the summer are
5 additional expense items that we haven't even
6 accounted for, extended hours at the
7 community centers --

8 MAYOR DE BLASIO: We've accounted for
9 them, we just didn't mention them.

10 NYC BUDGET DIR. FULEIHAN: Mention
11 them, right. So there's a long list of
12 efforts to focus our attention on NYCHA, and
13 now we're asking to continue to actually
14 develop a partnership with you.

15 ASSEMBLYMAN KAVANAGH: Great. And my
16 time is running short. If we could briefly
17 touch on, you know, the Governor's proposed
18 significant changes to the Brownfield Cleanup
19 Program, including expanding the exemption
20 for hazardous waste fees and assessments that
21 the city has paid historically. Can you just
22 talk a little bit about that program and its
23 relevance for your affordable housing and
24 also your economic development goals?

1 MAYOR DE BLASIO: Yes. We're very
2 much appreciative of the Governor's proposal.
3 And its relevance is that in the atmosphere,
4 as I said to Senator Hamilton earlier, an
5 atmosphere where we're literally attempting
6 to find every available piece of land that
7 can be developed appropriately. Our
8 particular interest is affordable housing
9 but, again, a lot of that will be achieved
10 through mixed-use development, market rate
11 and affordable together.

12 To think that we have substantial
13 pieces of land in this city that could be
14 unlocked if we only were to address the
15 brownfield concerns appropriately. As you
16 know, in many cases the problem is quite
17 addressable, but there's a complication that
18 always comes with brownfields, and we've
19 needed clarity and we've needed more support
20 to cut through that and fix some of the
21 problems and then get that land back into
22 use. So we think the Governor's proposal
23 will be very helpful.

24 ASSEMBLYMAN KAVANAGH: Thank you.

1 CHAIRMAN FARRELL: Thank you.

2 Senator?

3 CHAIRMAN DeFRANCISCO: Senator Rivera.

4 SENATOR RIVERA: Thank you,

5 Mr. Chairman.

6 Welcome, Mr. Mayor. Thank you for not
7 bringing snow with you this time.

8 MAYOR DE BLASIO: I'm not bringing
9 snow. I oppose snow. It's in my platform.

10 (Laughter.)

11 SENATOR RIVERA: Well, I wanted to ask
12 a few questions. Certainly we'll get back to
13 talking about housing, since that's going to
14 be the bulk of it. But first I wanted to
15 ask -- I'm very thankful that you brought up
16 the Campaign for Fiscal Equity. It is
17 something that I feel we need to focus on.
18 As we talk about reforming education, not
19 talking about the lack of resources that city
20 schools have had is -- I think is -- you
21 know, it's the wrong way to go.

22 So I wondered if you could expand on
23 that a little bit more as far as the impact
24 that that lack of funding is having on

1 education just on a daily basis.

2 MAYOR DE BLASIO: Again, you know, I
3 want to quote these numbers, because they're
4 troubling.

5 You know, we believe the standard --
6 for our kids to be educationally proficient,
7 we want our kids at grade level no later than
8 third grade. You know, at reading level for
9 that grade level by third grade.

10 We believe that the pre-K effort is
11 going to have an extraordinary impact,
12 because for so many kids -- a lot of kids
13 didn't get pre-K, a lot of kids got only
14 half-day or didn't get the quality levels.
15 This is going to be uniformly, for so many
16 kids, full-day, high-quality pre-K. We think
17 that's going to be the table-setter, if you
18 will, for achieving that goal.

19 But to get to a level where,
20 systemwide, all kids are reading at grade
21 level by third grade -- and that is, in the
22 educational world, the gold standard, the
23 belief of a lot of the -- academic research
24 has concluded that if our children are at

1 grade level by third grade, all other things
2 are possible. And if they're not, it becomes
3 increasingly difficult to get them on track
4 and get them to a college education.

5 We're at about 30 percent right now
6 reading at grade level by third grade. One
7 of the reasons is we don't have the resources
8 we need to address that problem. And when it
9 comes to reading skills, literacy skills, a
10 lot of that is very hands-on instruction and
11 very intensive. We don't have the resources
12 for that.

13 We have, as I said, over 170,000 kids
14 with special needs. We do everything we can
15 with the resources we have to serve them.
16 We're in fact trying to improve on that
17 effort. I want to thank Senator Felder, who
18 worked with us very closely to make it easier
19 for parents to get the services they need for
20 their kids. We'd like to do a lot more for
21 them. If we had the resources, we could do
22 so much more for our special-needs kids and,
23 to the point raised earlier, help them
24 earlier on in their lives where the

1 multiplier would be that much greater.

2 The guidance counselor dynamic, one
3 guidance counselor for every 374 kids -- or
4 376 kids. I agree with Senator Felder, it
5 might be in fact worse than the official
6 statistics suggest.

7 We want every kid to be college-ready,
8 and we want them to not just get to college
9 but succeed in college. But we don't provide
10 them the support to even figure out how to
11 apply for college, let alone be able to
12 succeed. And a lot of kids in our school
13 system, a very substantial percentage of our
14 children come from families where no previous
15 member has gone to college. And literally
16 the process of preparing for college,
17 applying for college is, for them, the
18 unknown. But if they have a guidance
19 counselor who can help them early and often,
20 they can achieve great things. These are
21 foundational examples of what we're missing.

22 And then if we look at the fact that
23 we graduate so few kids that are totally
24 college-ready, we should not be surprised.

1 This is why I say I do not accept the
2 educational status quo in New York City. It
3 is not surprising that our results are so far
4 off the mark, because we're not making the
5 investments we need. And the only way we can
6 make the investments is if the resources that
7 were promised to us through the settlement
8 governed over by the Court of Appeals are
9 actually provided.

10 SENATOR RIVERA: And I'm glad that you
11 used the word "investment," because I think
12 it's a core thing that actually leads into my
13 second line of questioning, which has to do
14 with what we are as a state investing in,
15 whether it's education -- and I think you
16 made the case plainly that having those
17 resources will mean that we will make a
18 better investment.

19 But then when you're talking about --
20 I'm also very thankful that you and your
21 administration have made the affordability
22 crisis and all the connecting pieces of them,
23 as it relates to housing, whether it's
24 homelessness, NYCHA and the development of

1 new housing -- all of these things are
2 connected. Because the majority of people
3 that make the city work, the working-class
4 folks in the city, are having a harder time.
5 And some of my colleagues have made the case
6 already, it is harder and harder for them to
7 find a place to live.

8 So I'm thankful that you are speaking
9 about what we can do about NYCHA as far as a
10 long-term investment there, but I wanted you
11 to speak a little bit, to expand -- there's
12 one part of your testimony that you mentioned
13 two things, which you briefly mention --
14 obviously there was so much that you wanted
15 to cover. One of them is on page 14, when
16 you're talking about the fact -- and you
17 talked about this earlier -- if the state
18 does not enforce the law to protect tenants,
19 it must allocate funds so that tenants can
20 help themselves.

21 So I wanted you to give us a sense of
22 what that would mean as far as how much
23 funding the state would have to allocate --
24 if we don't enforce the laws that are already

1 on the books, how much would we have to
2 allocate to deal with the reality of tenants
3 being harassed by bad landlords.

4 MAYOR DE BLASIO: First let me just
5 frame it according to your earlier point,
6 this point about investment.

7 I always say and I believe -- and I
8 have a lot of respect for everyone up here --
9 I think we all look at our work first through
10 a human and moral lens, what's the right
11 thing to do for the people we serve, and
12 second through a very practical lens. I
13 think from both those perspectives,
14 investment is necessary. Investing in our
15 people is fair and just, but investing in our
16 people is also how we prevail in a very
17 competitive economic future.

18 And when you look around the world at
19 the countries and the metropolitan areas that
20 are succeeding, it is those areas that are
21 investing. They've investing in education,
22 they're investing in mass transit, they're
23 investing in affordable housing. It is such
24 a clear pattern all over the country and all

1 over the world: those who don't invest, fall
2 behind.

3 We are blessed in New York City and
4 New York State to have such strengths, but
5 they will not remain strong forever. If
6 we're not constantly investing, our
7 competitors will overtake us. And that will
8 have huge negative impacts for our people,
9 for our economic activity levels, for our
10 revenue levels, all of the above.

11 So we believe that everything we're
12 talking about in terms of education, humanly
13 morally correct, but also literally going to
14 frame our economic future because the future
15 economically will be determined by the
16 education levels and the training levels of
17 your workforce.

18 The same with affordable housing. I
19 can't tell you how many people I've talked to
20 in the business community who say -- and who
21 are very interested in expanding their
22 presence in New York City or coming into
23 New York City, and they say, Here's what we
24 care about: Safety -- everyone, thank God,

1 gives New York City great points for
2 safety -- the quality of the school system --
3 where again, we have a lot of work to do, but
4 we are moving in the right direction, with
5 your support -- and the question of
6 affordable housing for the people who will
7 work in the industry.

8 Booming tech sector right now, we have
9 over 300,000 people employed in our tech
10 sector, and growing, and yet we hear
11 constantly we're not going to be able to keep
12 building that industry if there aren't places
13 for people to live and the workforce can
14 afford.

15 So all of these pieces are about
16 investment and continuing to build.

17 To the later point -- and I got so
18 deep into that, remind me. I'm sorry,
19 Senator.

20 SENATOR RIVERA: And I know that my
21 time is done, but I did want you to talk a
22 little bit about the -- as a matter of fact,
23 I'll pick it up in a second round. No
24 worries. But thank you for making the point

1 about investment, is my basic point.

2 MAYOR DE BLASIO: Thank you. And I
3 appreciate your support. And we will also
4 get you some estimates on the specifics on
5 the latter question.

6 CHAIRMAN FARRELL: Thank you.
7 Assemblywoman Schimel.

8 ASSEMBLYWOMAN SCHIMEL: Thank you,
9 Mr. Chair.

10 And thank you, Mayor.

11 MAYOR DE BLASIO: Thank you.

12 ASSEMBLYWOMAN SCHIMEL: And just to
13 point out, even though I'm a Long Island rep,
14 I am a grateful recipient of a New York City
15 K through 12 education.

16 MAYOR DE BLASIO: Excellent. Thank
17 you.

18 ASSEMBLYWOMAN SCHIMEL: And I'm going
19 to ask my two questions about education
20 because it seems to me this approach to the
21 solutions and the challenges that we have in
22 education is a statewide approach. So I want
23 to ask two questions, one about your -- what
24 do you think of 3020a in terms of the success

1 or failure, that bill that we did legislation
2 now in 2012 about the timeline of due process
3 for teachers and, forgive me to cut to the
4 chase, what they call -- I hate that word --
5 the rubber room. Is it working? That's one
6 question.

7 And the second question is community
8 schools. I know it's going on in New York
9 City, it's going on around the country. The
10 Governor has just sent a letter to the
11 Regents about a receivership model that's
12 being done in Massachusetts. I like the
13 community school model, whatever you want to
14 say about it, but he's tying it to what I
15 consider to be a statewide takeover.

16 Can you tease it out and have
17 community schools without that? And if you
18 could speak to the community school model.
19 Is it a way to look at solving the challenges
20 of -- again, I hate the word -- failing
21 schools? And can it be done without a
22 statewide takeover? Is it something that
23 New York City and other areas, including
24 Long Island, should be looking at? Thank

1 you.

2 MAYOR DE BLASIO: Thank you very much.

3 And I must say, since I have the honor of
4 saying that both my children are products of
5 New York public schools, pre-K through 12,
6 and in June I will be completing my mission
7 when my son graduates, that there is no
8 greater honor in the world than being a
9 product of the New York City public schools.
10 So it's my honor to answer your question
11 knowing that you are such a product.

12 The community school model we believe
13 is a foundational investment. We've seen, I
14 think, great examples here in this city,
15 which is where some of the model was
16 innovated by the Children's Aid Society and
17 others. We've certainly seen -- I've visited
18 Cincinnati, where the model is used literally
19 systemwide. And by the way, the level of
20 corporate involvement in the schools,
21 community involvement, volunteerism, it's
22 extraordinary what this model opens the doors
23 to.

24 So I believe it is the wave of the

1 future. We are going to apply this model not
2 just to the schools that are struggling the
3 most, but beyond. Because we think if you
4 engage parents more deeply -- one of the
5 strong suits of the community school model is
6 it gets parents engaged in their children's
7 education early and consistently. It
8 addresses some of the underlying challenges.

9 One of the great examples that people
10 who believe in community schools use is that
11 in a community school, because the physical
12 health and mental health capacity is
13 available in the school, the child who can't
14 see the board and is struggling because of an
15 eyesight problem gets diagnosed and gets
16 eyeglasses, in many cases years before they
17 would normally. And there's so many other
18 examples of special needs that go unaddressed
19 because there are no professionals to
20 identify them and act on them.

21 Obviously what we talked about
22 earlier, lack of guidance services -- in a
23 community school model, guidance is a crucial
24 element. So I think it absolutely is the

1 right model.

2 I think it should be disconnected from
3 any notion of state receivership because I
4 think it's a model that works for every kind
5 of school, first of all. And second, because
6 under a mayoral control dynamic -- which I
7 again thank the Legislature for having
8 created -- there is such clear
9 accountability. The people have every right
10 to hold me absolutely and totally accountable
11 for everything that happens in their school
12 system. And if they find my efforts
13 insufficient, they literally can choose to
14 remove me because we have a scheduled
15 election. And that, to me, is a model that I
16 believe has worked tremendously well in
17 New York City. I believe it should be
18 applied elsewhere.

19 But when you have that level of
20 accountability, I don't believe there's a
21 need for a state receivership model, because
22 it's abundantly clear who's responsible, what
23 tools we have in place. Again, we have
24 proposed for 94 schools that are struggling a

1 huge amount of investment, new leadership
2 teams, new master teachers, a longer school
3 day, a host of additional changes that we
4 think will really turn around those schools
5 quickly.

6 To the question of teacher
7 accountability -- and again I say I agree
8 with the Governor's point that we have to
9 make sure that these who should not be in the
10 profession are moved along out of the
11 profession. We have, in this case, 289
12 teachers since April -- less than a year --
13 that we have moved out of the profession who
14 should not have been in the profession.
15 That's a very, I think, healthy rate. We
16 will continue that. And we believe that
17 that's important to the future of our
18 schools.

19 But even more important is attracting,
20 training and retaining the very best
21 teachers. That's really where we're going to
22 win or lose this ball game, in all school
23 systems. Do we get great teachers, do we
24 keep great teachers.

1 ASSEMBLYWOMAN SCHIMEL: I just want to
2 clarify, the 289, was it done through -- and
3 again, only because I'm being hammered at
4 home by school administrators that 3020a is
5 not expeditious enough. Is that part of that
6 process that is deeming, as you say, that
7 you're able -- I don't want to focus on that.
8 I agree with you, we should empower teachers.
9 But the other side, when they are not
10 effective, is that law working for you?

11 MAYOR DE BLASIO: Well, I would say
12 two things. Again, I think the Governor is
13 moving in the right direction on this to say
14 we have to constantly hone our efforts at
15 accountability and making sure that they are
16 streamlined. But the success we've had is
17 based in part on energetically applying the
18 rules as they stood even before we came into
19 office. But then we added to that, in the
20 contract we struck with the teachers' union,
21 and made it easier to remove people via
22 severance. It's a perfectly appropriate tool
23 and a smart tool to use.

24 Look, the bottom line is if someone

1 should not be in the profession, there's more
2 than one way to get someone to move along.
3 We want the fastest, clearest way to do it.
4 Severance often is that, by the way, not just
5 in teaching but in a whole host of
6 industries. About a hundred of these
7 teachers who have left our system since April
8 did so through a severance model that we
9 added into our teacher contract.

10 So I think my answer would be some of
11 this is doable under the current reality.
12 Some of this we were able to improve upon
13 with a better contract and a more flexible
14 contract. We certainly think we should keep
15 moving in that direction.

16 ASSEMBLYWOMAN SCHIMEL: Thank you very
17 much.

18 MAYOR DE BLASIO: Thank you.

19 CHAIRMAN FARRELL: Thank you.

20 We've been joined by Assemblywoman
21 Bichotte and Assemblywoman Joyner.

22 Senator?

23 CHAIRMAN DeFRANCISCO: Senator
24 Krueger.

1 SENATOR KRUEGER: You'd think all the
2 questions had already been asked, but no.
3 I'm going to try to do lightning-round
4 questions with you, Mr. Mayor.

5 MAYOR DE BLASIO: All right, lighting
6 round, I'm ready. I did the lightning rounds
7 before.

8 (Laughter.)

9 SENATOR KRUEGER: Senator Golden
10 before highlighted his concern about building
11 more shelters in communities and the negative
12 impact. Would you agree that if we weren't
13 losing as many rent-regulated units and
14 suffering so much tenant harassment, we would
15 have fewer homeless families we would even
16 need to put in shelters.

17 MAYOR DE BLASIO: Yes.

18 (Laughter.)

19 SENATOR KRUEGER: So I'm delighted to
20 learn that you and the Governor and the
21 Attorney General have all announced your
22 anti-harassment campaign. You in your
23 testimony highlight you're already getting
24 61,000 calls to 311 each year relating to

1 housing harassment. What are we going to do
2 to make sure, in addition to ensuring that
3 the state agency, HCR, is responding more
4 quickly to harassment and other problem
5 issues -- and I'm a strong supporter of
6 expanding the TPU up here at the state
7 agency. I think that will be a fight here
8 during the budget process. But I would also
9 urge that you need to think about expanding
10 your HPD response and your Office of Special
11 Enforcement Unit, because they're your two
12 bodies that respond to harassment, whether
13 it's rent-regulation harassment or illegal
14 hoteling.

15 So I'm wondering can you do anything
16 more in your city budget -- because I don't
17 know that you did expand those -- to ensure
18 you have the staff to actually address your
19 no doubt more than 61,000 calls? Because in
20 response to your announcement about what you
21 were doing, I and I think many other elected
22 officials immediately started telling
23 everyone call 311, that's what the mayor is
24 saying to do so that he can address

1 harassment.

2 So can you do anything more at the
3 city level in your next budget to ensure,
4 when people make those calls, you have a
5 staff of adequate size to respond?

6 MAYOR DE BLASIO: The lightning-round
7 answer is yes. The more elaborate answer is
8 we, in the preliminary budget, added
9 \$36 million for legal services for people who
10 might be subject to harassment, particularly
11 in areas where we will be beginning
12 rezonings. So as a trying to get ahead of
13 the situation. And again, those are many
14 areas we're already feeling deep development
15 pressures.

16 We are certainly going to look at the
17 Special Enforcement Unit and other areas that
18 we may want to do more with. We're trying
19 to, in every instance, take the resources we
20 have and apply them more effectively. But
21 there may certainly be options to add, and
22 we'll be looking at that vis-a-vis the April
23 Executive Budget.

24 That being said, I think what you're

1 pointing out about the state role, the
2 numbers are so troubling in terms of how many
3 people have left rent regulation because of
4 harassment, because of illegal means, that
5 it's quite clear that the state efforts are
6 insufficient. The TPU should be at expanded
7 to the point that it can actually address the
8 problem in real time, as indicated from
9 Comptroller DiNapoli's report. If you have
10 to wait a year or more for resolution, it's
11 too late. The crime has already been done,
12 if you will, and the housing is lost.

13 So we believe there needs to be the
14 kind of increase at the state level that
15 would allow for actual real-time enforcement
16 and would create consequences for bad actors.

17 Ultimately, as I said in my State of
18 the City, the state could decide to provide
19 legal aid on the kind of level that could
20 actually accommodate the cases that are so
21 prevalent. I don't think that's the better
22 solution. I think the better solution is to
23 enforce at the point of contact.

24 But if that's something the state

1 chooses not to do, at least provide legal
2 defense for people in Housing Court, where,
3 you know, most tenants go without
4 representation.

5 So I think the problem right now is a
6 profound one and a growing one, and I think
7 the state's enforcement actions are not
8 measuring up, and this budget is a chance to
9 address that.

10 SENATOR KRUEGER: I agree. Thank you.

11 You said in your testimony you're
12 asking for \$32 million more for homelessness
13 prevention services, but you also highlight
14 that the Governor's cutting \$22 million out
15 of a program. So is your \$32 million
16 replacing the 22, plus 10, or get the 32,
17 don't cut the 22?

18 MAYOR DE BLASIO: No, it's that the 22
19 should not be taken away. If I could say it
20 clearly, let's not rob Peter to pay Paul.
21 The \$22 million should not be taken away
22 while we're experiencing record high
23 homelessness. And we need the \$32 million to
24 address this problem.

1 We have a lot of skin in the game. As
2 you can see from my earlier testimony, the
3 city is making some very, very substantial
4 investments. The state has to be a partner.
5 So the 22 needs to be left in place, plus the
6 32 to address the huge level of need.

7 One other point on the previous, we're
8 very pleased by the collaboration with the
9 Governor and DHCR and Attorney General
10 Schneiderman on the joint task force to do
11 better enforcement. That is not, I want to
12 just emphasize for clarity, that's not the
13 same thing as the TPU. The joint task force
14 will help us get particularly at certain
15 criminal charges that require that
16 coordination. But the absence of a fully
17 funded TPU is irreplaceable in this equation,
18 and that still has to happen.

19 SENATOR KRUEGER: Okay, great. Then
20 you also talked about something that I think
21 many of us didn't necessarily understand in
22 the budget, that for supportive housing the
23 Governor's budget proposes transferring
24 50 percent of the cost of the actual

1 supportive services from the state budget to
2 city budget.

3 Did I read that correctly?

4 MAYOR DE BLASIO: Well, I'm going to
5 refer to Dean Fuleihan, because I can say one
6 thing. I think Dean Fuleihan was here for
7 New York/New York I, II, III and IV. Am I
8 telling the truth, Dean?

9 NYC BUDGET DIR. FULEIHAN: Yes.

10 MAYOR DE BLASIO: Okay. I think he
11 can give you the historical data on that.

12 SENATOR KRUEGER: So the Governor is
13 cutting that. Is that for all the past built
14 supportive housing --

15 NYC BUDGET DIR. FULEIHAN: No.

16 SENATOR KRUEGER: -- or just for the
17 future?

18 NYC BUDGET DIR. FULEIHAN: This is for
19 New York/New York IV. It's on a different --
20 it would require a local share of 50 percent
21 on the city.

22 SENATOR KRUEGER: So what's the
23 estimated cost to the city?

24 NYC BUDGET DIR. FULEIHAN: It's about

1 \$40 million a year.

2 SENATOR KRUEGER: Annually?

3 NYC BUDGET DIR. FULEIHAN: Yes.

4 SENATOR KRUEGER: On whatever
5 percentage of those 5,000 units would be in
6 New York City.

7 NYC BUDGET DIR. FULEIHAN: Correct.

8 Yes.

9 SENATOR KRUEGER: That's a lot of
10 money.

11 NYC BUDGET DIR. FULEIHAN: Yes.

12 MAYOR DE BLASIO: We agree with your
13 analysis, Senator.

14 (Laughter.)

15 SENATOR KRUEGER: All right, shifting
16 to schools. There was a \$40 million fund for
17 covering the cost of charter schools that
18 weren't collocated in the past budget. But
19 going forward with the Governor's proposal to
20 add additional charters and to define
21 charters that would then be, I think, 240,
22 potentially, slots throughout the State of
23 New York, all being able to go to New York
24 City if they chose, and what I see as the

1 unrealistic concept of attempting major
2 collocations, what is it going to cost you
3 for every new charter? How does that work?

4 MAYOR DE BLASIO: Let me answer the
5 structural question, if I may, first, and
6 then Dean might be able to fill in some
7 specifics for you.

8 But simply put, one, we believe that
9 we have to help and support all the children
10 of our city. I don't care if a child is in a
11 traditional public school, a charter school,
12 a religious school -- we believe it's the
13 obligation of the City of New York to work
14 with all of the above. Our pre-K program
15 includes charter schools and religious
16 schools. Our after-school program does as
17 well. Every one of those children is going
18 to be a part of the future of New York City,
19 and I want them all to be well-educated.

20 That being said, I have a particular
21 obligation to the 94 or 95 percent right now
22 of our kids who are in traditional public
23 schools instead of charters, just thinking
24 about the almost 1.2 million kids we have in

1 our school system. That has to be my first
2 focus in terms of the future of the city and
3 obviously the needs of our families right
4 now. And as indicated earlier, we are far
5 off the mark from where we need to be, and we
6 need to keep our focus on our traditional
7 public schools.

8 So I think my broad point would be I
9 think that there's not a need to expand the
10 charter cap. I don't think there's a need to
11 expand charter funding. I think we have a
12 lot of charters that are playing an important
13 role in our school system and are growing
14 right now as is.

15 Remember, a lot of charters have just
16 begun their development. They're in one of
17 our school buildings or they're in another
18 site, maybe they're in, you know, the first
19 few grade levels, like pre-K to first grade,
20 second grade, and they're building out
21 towards fifth grade or they're building out
22 middle school or high school level. So
23 charters as they are now in New York City are
24 continuing to expand naturally.

1 But I don't think we should add to
2 that. I think we should focus on the central
3 issue that we face as a city, which is fixing
4 our traditional public schools.

5 SENATOR KRUEGER: Thank you. But
6 again, you testified that you're not getting
7 enough money for education. I agree. You
8 testified you want a continuation of mayoral
9 control. I agree.

10 We changed part of the deal of mayoral
11 control about a year ago, specifically as it
12 related to charters. And I don't think
13 anybody is talking about reversing that
14 section of what we changed a year ago.

15 So if the Governor's proposal goes
16 forward as it is, you will be obligated to
17 pay for school buildings for any new charter
18 that applies at the state level and is
19 approved. You don't get a say in whether
20 they get approved, but you will have to pay
21 both the building rent costs, to my
22 understanding -- I'm just trying to confirm
23 this -- and whatever costs are associated
24 with shifting children from your 94,

1 95 percent traditional public schools to
2 charter.

3 So I'm trying to just get my arms
4 around what is that cost to you in your
5 budget per school.

6 MAYOR DE BLASIO: Passing to Dean,
7 obviously that puts an additional burden on
8 the city at the same time as we are trying to
9 fix the fundamental problem. To your core
10 point, it does create a challenge for us, and
11 that causes a real concern.

12 In terms of costing it out, Dean, do
13 you want to --

14 NYC BUDGET DIR. FULEIHAN: Yes. I
15 mean, we will take those -- what you outlined
16 and we'll come back to you with an exact
17 estimate. Obviously, it's more cost, and
18 we'll give you an exact figure.

19 SENATOR KRUEGER: Thank you. And my
20 time is up, so my lightning round has to end
21 for now. Thank you.

22 MAYOR DE BLASIO: Thank you.

23 CHAIRMAN FARRELL: Thank you very
24 much.

1 We've been joined by Assemblyman Moya.

2 And to question, Assemblyman Borelli.

3 ASSEMBLYMAN BORELLI: Thank you,
4 Mr. Mayor, for coming. It's always good to
5 see you. You've been speaking for almost
6 three hours, and I hope your staff is taking
7 you out for a pizza or something after this;
8 it's well-deserved.

9 MAYOR DE BLASIO: I have my knife and
10 fork ready.

11 ASSEMBLYMAN BORELLI: Oh, yeah. I
12 didn't want to bring it up. I didn't want to
13 bring it up.

14 MAYOR DE BLASIO: The gentleman from
15 Staten Island raises the question of pizza,
16 it kind of leads to it.

17 ASSEMBLYMAN BORELLI: Yeah, yeah, I
18 know.

19 I have two questions, I guess sort of
20 on the pizza line, because it involves small
21 business. The Governor proposed a tax cut of
22 \$40 million for small businesses through a
23 reduction of the corporate franchise tax.
24 Most small businesses don't pay taxes through

1 the corporate franchise tax, they pay through
2 their personal income tax.

3 And when you speak to a lot of these
4 owners, they indicate that the majority of
5 their problems and the majority of their
6 financial difficulties come from a lot of the
7 revenues that are generated through the fees,
8 fines and that sort of thing from city
9 government.

10 I know you made a press announcement
11 sort of addressing this recently, and I was
12 wondering if you can clarify how the
13 administration is going to sort of change
14 this culture of dealing with businesses.

15 MAYOR DE BLASIO: Thank you very much
16 for the question, because I think there was
17 an unacceptable reality where small
18 businesses were fined very arbitrarily and,
19 bluntly, for revenue. You may remember I put
20 out a report when I was public advocate
21 pointing out that you have a constant upward
22 trend of fines on small businesses
23 disproportionately affecting the outer
24 boroughs, and that it was clearly a

1 revenue-generating tool based on some of the
2 budget challenges that the city was facing.
3 You could see year by year how it grew, and
4 it was projected to grow in each budget on
5 purpose.

6 We reversed that. We literally
7 reversed it. We said that we would in effect
8 reward agencies for bringing those fine
9 levels down to where they actually should
10 be -- not arbitrary, not forced fines or
11 gotcha fines, but actually trying to figure
12 out when are fines truly necessary. Meaning
13 that the store owner would refuse to address
14 a health and safety need, for example, versus
15 the typical situation we faced -- someone
16 made a mistake, often a very small mistake,
17 could have been corrected on the spot, and
18 the store owner wasn't even given an
19 opportunity to correct.

20 So we've reversed the culture, we've
21 brought down the fine levels by many millions
22 of dollars, and we're going to keep pushing
23 them down. Meanwhile, we've directed our
24 Department of Buildings, which has been in

1 many ways one of the choke points for a lot
2 of small businesses, to speed up services
3 that they provide to small businesses,
4 streamline. And particularly for those
5 opening or expanding a business, to take a
6 model that the previous administration did
7 innovate, the hub system, which we think was
8 a good model, and expand that.

9 So we believe over time all of that
10 will add up to a better experience for small
11 business. But I want to thank you for your
12 partnership with the administration on these
13 issues. And we are adamant with you and all
14 your colleagues, if there are examples where
15 we're still not getting it right, we want to
16 keep making these reports.

17 ASSEMBLYMAN BORELLI: Good. I look
18 forward to -- I think it's going to be
19 certainly welcome news to a lot of the small
20 businesses, especially on Staten Island.

21 Shifting the focus to transportation
22 on Staten Island, New York City DOT released
23 a very basic report on the efficacy of
24 photo-enforced red light cameras citywide.

1 And the data they published was sort of the
2 basis for them saying that overall pedestrian
3 deaths and injuries are down at locations
4 citywide, as compared to before the cameras
5 were installed. And that data was used to
6 justify the use of them and sort of the
7 overall success of Vision Zero.

8 On Staten Island the numbers were the
9 opposite. Where cameras were installed, the
10 number of pedestrian deaths and injuries
11 actually rose. And we've been trying to get
12 the data broken down by location and the
13 revenue broken down by location, which is
14 what the law provides, but DOT has in effect
15 said we're not going to deal with that.

16 It's troubling that they would use the
17 data on one hand to sort of justify the
18 program, but then when an issue arises where
19 it's indicating a different outcome, we were
20 told that the data is misleading and
21 incomplete.

22 So would you support releasing this
23 data and sort of ending the cynicism that
24 people have that this is a revenue-generating

1 tool? And if the data is correct that
2 there's an uptick at these sites, would you
3 look at reforming the way they're done, as a
4 number of municipalities have?

5 MAYOR DE BLASIO: Okay, so several
6 different questions there.

7 Do we want to keep trying to perfect
8 and adjust the location of cameras and the
9 use of cameras for the positive impact we're
10 seeking? Absolutely. Do we want to work
11 with communities and elected officials to do
12 that? Yes.

13 I think the jury has already come
14 back, if you will, that the combined impact
15 of the cameras, the speed limit, the
16 enforcement, has driven down pedestrian
17 deaths and overall fatalities, and that is a
18 blessing. That is to everyone's credit.
19 Everyone here who voted to give us that
20 ability deserves a share of the credit that
21 there are people alive today who would not be
22 alive otherwise.

23 So there's no question it is working.
24 We still need to keep perfecting it.

1 Now, as Commissioner Trottenberg has
2 said, the best kind of camera is one that
3 ultimately generates zero revenue. That's
4 literally what we want. We want that through
5 education and through enforcement, people's
6 habits change so they stay within the speed
7 limit so we don't get any revenue. We would
8 love nothing more.

9 As to the question of sharing
10 information, understanding that there's two
11 problems that we have to navigate. One is we
12 don't go out of our way to put a big neon
13 sign around where each camera is so that
14 someone will just slow down --

15 ASSEMBLYMAN BORELLI: Maybe we should.
16 Maybe we should.

17 MAYOR DE BLASIO: I understand that
18 impulse. I was a driver myself until very
19 recently.

20 But the point is we're trying to get
21 people to slow down in general. I don't mean
22 people slowing down at one intersection and
23 knowing there's no camera at the next
24 intersection, then deciding let's gun it, you

1 know, into the next one. We want to get the
2 culture to change for the safety of our
3 families, our children, our seniors, et
4 cetera.

5 So we're a little bit sensitive, and I
6 think rightfully, about not having the kind
7 of public discussion that gives people such a
8 perfect understanding of where cameras are
9 that they simply change their behavior a
10 little instead of a lot.

11 Second, we do want to be careful about
12 the data -- that is still fairly new -- not
13 being overemphasized. Meaning we know the
14 broader effort is working, we have clear,
15 clear numbers on that, but in some cases you
16 might have some very local situation that was
17 aberrant, an individual. That doesn't mean
18 that we've come to enough of a conclusion, we
19 have enough data for that.

20 We'll certainly make sure that DOT is
21 sitting with you and your colleagues, elected
22 officials on Staten Island, and working
23 through some of these issues. But we do have
24 to do it in a smart way.

1 ASSEMBLYMAN BORELLI: Good. I think
2 my time is almost up. Thank you very much.
3 Appreciate it.

4 MAYOR DE BLASIO: Thank you.

5 CHAIRMAN FARRELL: Thank you.
6 Senator?

7 CHAIRMAN DeFRANCISCO: Yes, I have a
8 few questions.

9 First of all, you talked about
10 relieving 200-and-some-odd teachers from
11 their duties as teachers in the City of
12 New York. One hundred of them were from the
13 severance pay, I guess, is what it is --

14 MAYOR DE BLASIO: Yes.

15 CHAIRMAN DeFRANCISCO: -- that was
16 negotiated in the contract.

17 Were any of the 100 teachers at the
18 time charged with a crime where they got
19 severance pay?

20 MAYOR DE BLASIO: Again, Senator,
21 we'll get you the break-out. We are
22 absolutely rigorous in how we are handling
23 certain types of charges, and we're in a
24 position to move people very quickly when

1 there's certain types of charges involved.

2 In the vast majority of these cases,
3 to the best of my understanding, these are
4 people where there was a competency issue,
5 not a criminal issue, thank God.

6 But the point is that 289 people who
7 should not be teaching, in our view, were
8 moved out of the system.

9 CHAIRMAN DeFRANCISCO: And does the
10 contract prevent the use of severance in the
11 situation where there are criminal charges
12 that were brought against the individual?

13 MAYOR DE BLASIO: Again, I believe --
14 and I want to make sure we give you chapter
15 and verse.

16 CHAIRMAN DeFRANCISCO: Okay. All
17 right. Could I just -- a copy of that
18 portion of the contract would be sufficient.

19 MAYOR DE BLASIO: Yeah.

20 CHAIRMAN DeFRANCISCO: And some
21 numbers, if you've got them.

22 Secondly, what is the average
23 severance pay an ineffective teacher gets
24 under the contract?

1 MAYOR DE BLASIO: So again, I just
2 want to finish the previous answer. The
3 efforts against those who break the law or do
4 inappropriate things are -- we have powers
5 unto ourselves, if you will, the ability to
6 move that very aggressively under any and all
7 circumstances. And we're using those powers
8 rapidly.

9 Severance, again, typically is for
10 more of a competency question. But we will
11 get you that break-out.

12 On the amount of severance, I think
13 it's determined by the tenure of a teacher,
14 et cetera, but we'll get you the specific
15 range.

16 CHAIRMAN DeFRANCISCO: Okay. And the
17 other hundred and whatever teachers that were
18 relieved, was that through the 3020a
19 proceeding?

20 MAYOR DE BLASIO: So again, Dean will
21 jump in on this. The 289 teachers who were
22 in the ATR pool are all now out of the
23 system. Almost a hundred were through
24 severance, the other through other means. So

1 yes, the existing disciplinary rules were
2 utilized.

3 CHAIRMAN DeFRANCISCO: All right. And
4 is there something in the contract that
5 quicken the process for 3020a hearings?

6 MAYOR DE BLASIO: I would say that the
7 contract, and the broader approach that we're
8 taking as a result of the contract,
9 encourages a more cooperative outcome.

10 So for example, how does someone leave
11 the school system. Full termination is
12 always an option. In some ways, the
13 preferred option is if someone would resign
14 rather than going through an appeals process.
15 We prefer that, if someone takes severance.
16 Again, if they have it coming to them, if it
17 is an appropriate action.

18 Our goal is once we've determined that
19 someone does not belong in the system, how do
20 we get them out as quickly as possible. So
21 my point is the contract has given us more
22 and different tools to do that.

23 CHAIRMAN DeFRANCISCO: Okay. Can I
24 get the other portions of the contract which

1 shows what their tools are? Because we're
2 evaluating the Governor's reform concerning
3 3020a, and I want to see if there's any
4 alternatives that we haven't thought about.

5 MAYOR DE BLASIO: One of the things
6 that the chancellor talks about -- and
7 Chancellor Fariña, as I think you know,
8 started out as a New York City public school
9 teacher, worked her way up to principal and
10 deputy chancellor and -- superintendent,
11 deputy chancellor, and now chancellor. She
12 talks about the need to counsel out those who
13 should not be in the profession.

14 So again, you have situations where
15 it's literally convincing someone not to
16 continue. You have situations where the
17 severance is the tool that works. Then you
18 also have the option of using a disciplinary
19 system.

20 We are trying to perfect -- and we've
21 had cooperation on this from the union -- the
22 quickest outcome. And sometimes that is
23 literally a principal sitting with a teacher
24 and saying "This is not for you, it's time to

1 move along."

2 CHAIRMAN DeFRANCISCO: All right. And
3 the teacher said "I don't care what you
4 think, I've got a right to sit in a rubber
5 room for three years and collect a salary."
6 So, you know, some people may be reasonable.

7 So now that leads me to my next
8 question. How many teachers are currently in
9 what used to be or still is called the rubber
10 room?

11 MAYOR DE BLASIO: The rubber room as
12 we know it is effectively gone. There is the
13 ATR pool, and the ATR pool is the group of
14 teachers whose outcomes are still being
15 determined.

16 Now, some of those people were
17 perfectly capable teachers who got left out,
18 for example, when a school closed or there
19 was some other kind of transition. So a lot
20 of those people we've been able to get to
21 teaching positions they deserve.

22 The 300, almost 300 people who have
23 come out of that pool, we are speeding that
24 rate up because our goal is to keep lowering

1 the amount in that pool.

2 CHAIRMAN DeFRANCISCO: I get that, but
3 I'm just looking for a number. Teachers that
4 are under disciplinary charges that have to
5 go to the 3020a hearing, approximately how
6 many would you say are --

7 NYC BUDGET DIR. FULEIHAN: So we'll
8 get you more detail. We have reduced, in the
9 year -- the ATR pool is down year to year,
10 and we'll get you those specifics. And there
11 are some provisions in the contract that help
12 that and expedite that, and we'll get you
13 those as well.

14 CHAIRMAN DeFRANCISCO: Good.

15 MAYOR DE BLASIO: And just, Senator,
16 one point to clarify. When there's that
17 group that's in that pool, which is
18 essentially, you know, a transitional pool,
19 they have two options in our point of view.
20 One is if they can teach and then teach
21 effectively, get them to a new assignment.
22 If they can't, it is to move them along as
23 quickly as possible. And that rate has been
24 increasing steadily.

1 CHAIRMAN DeFRANCISCO: Yes, okay. You
2 just got some important information from your
3 staff member. Was that any numbers that --

4 NYC BUDGET DIR. FULEIHAN: It was what
5 I gave you, actually. It was that I know
6 year to year the numbers are down, and we'll
7 give you the specifics on that. We want to
8 make sure of it. And we will give you the
9 exact numbers year to year, and we'll also
10 show you what pieces of the contract help and
11 expedite.

12 CHAIRMAN DeFRANCISCO: Okay. You
13 mentioned infrastructure as part of the needs
14 of the City of New York and the needs of
15 everyone throughout the state. Do you agree
16 that there should be a fair, equitable
17 distribution of whatever infrastructure money
18 there is throughout the State of New York?

19 MAYOR DE BLASIO: Absolutely. And,
20 you know --

21 CHAIRMAN DeFRANCISCO: That's all.
22 You got it.

23 MAYOR DE BLASIO: No, if I may, just
24 one sentence. I in a previous life was the

1 regional director for the U.S. Department of
2 Housing and Urban Development, which meant
3 I spent a lot of time in Syracuse, in Buffalo
4 and Rochester and Albany and throughout
5 upstate. Profound infrastructure needs in
6 upstate as well.

7 I think of this on a statewide basis.
8 We have to be competitive for the future.
9 But I also know the downstate piece is
10 crucial for our economic future.

11 CHAIRMAN DeFRANCISCO: Okay. And as
12 far as you were mentioning the disparity upon
13 what New York City puts in the till and
14 what's given back, I just want to remind you
15 that, you know, what I do a lot up here is
16 try to make -- talk about regional balance,
17 because that's, I think, important.

18 So as far as the pre-K money, this is
19 the stuff that makes upstate New Yorkers a
20 little nuts. New York City was receiving
21 \$524 million for pre-K. Another \$300 million
22 was added last year. That's \$824 million.
23 Before last year, upstate, the rest of
24 upstate -- which I guess is 50-some-odd

1 percent of the people, according to your
2 numbers, got \$200 million and got an
3 increase -- not \$300 million, an increase of
4 \$400 million.

5 So there are -- and I'm sure if you
6 look at the housing numbers, that there's
7 going to be a substantial disparity against
8 upstate in that situation.

9 So I just wanted to mention that
10 because I think it's really important. So
11 it's from your perspective, whether you get
12 gored or you're not getting goled. And I
13 think there's also some of the public
14 assistance, the large number, based upon a
15 formula that the state provides and the
16 federal government provides, substantially
17 greater dollars go down the Thruway rather
18 than up the Thruway.

19 So that argument doesn't play too
20 strongly with me. But I understand where
21 you're coming from and what you're trying to
22 advocate for.

23 Well, I've got a couple more and I'll
24 pass until I get another opportunity.

1 CHAIRMAN FARRELL: Assemblyman Oaks.

2 ASSEMBLYMAN OAKS: Thank you,
3 Chairman.

4 Mayor, a couple of questions. One,
5 you'd mentioned -- you were just talking a
6 little bit with Senator DeFrancisco about
7 pre-K, 20,000 going to 53. You said 70,000
8 is the goal. What does that 70,000 represent
9 of the total 4-year-olds?

10 MAYOR DE BLASIO: Well, from all the
11 research we've seen, that is -- and again,
12 we're waiting for the final number, which
13 we're going to learn by making the seats
14 available and see what the total usage is.
15 But paralleling that to the numbers in
16 kindergarten and first grade, et cetera, we
17 believe, give or take, that 70,000 is the
18 total universe of 4-year-olds for whom the
19 parents would choose to put them into a
20 school setting.

21 There are clearly some 4-year-olds
22 that parents choose to keep at home or have
23 some other alternative arrangement. So we
24 believe that is the natural total, if you

1 will, of children who could and should be in
2 a school setting. And it all gets back to
3 the point that this is how we prepare our
4 kids for the modern educational reality and
5 the modern economic reality.

6 With everyone's help here, when that
7 is completed next year, we're literally
8 talking about 50,000 more kids getting full
9 day pre-K. That's an extraordinary
10 achievement, and one that I would obviously
11 support fully being expanded all over the
12 state.

13 ASSEMBLYMAN OAKS: Jumping topics, one
14 of the figures I think you'd used from
15 2010-2012, talking about the number of
16 harassment cases being 19,000 or whatever,
17 the DHCR website lists a number -- I just had
18 some figures; 341 in 2010, 335 in 2011, 315
19 in 2012. So that would say that's around a
20 thousand, versus the 19. I'm just wondering
21 where the 19 is versus the DHCR numbers.

22 MAYOR DE BLASIO: We'll get you the
23 exact citation. There are different elements
24 of this. There are the complaints that go to

1 the state and city, there's the people who go
2 to housing court, there's different
3 iterations.

4 What we find across all the data is a
5 very, very substantial number of people who
6 are having problems, real legal problems with
7 how they're being treated. Again, by the
8 minority of landlords who are unscrupulous.
9 And it's -- again, the backdrop, the economic
10 backdrop is quite sharp. You're talking
11 about many neighborhoods where housing values
12 have grown very intensely, very quickly,
13 where unfortunately the unscrupulous choose
14 to take advantage of that, move out tenants
15 illegally so they can get higher-priced
16 tenants coming in. But we will give you the
17 citation for our data.

18 ASSEMBLYMAN OAKS: Thank you.

19 And then, finally, just some questions
20 on the MTA. I know that there was an
21 increase in tolls back in October, and
22 then -- but the five-year \$32 billion capital
23 plan wasn't accepted because of the funding
24 gap. And recently Commissioner Trottenberg

1 said -- you know, I know the city has had
2 kind of flat funding for that. And his
3 comment was that the city's ready to do our
4 part as, you know, that gets increased.

5 Do you have any sense yet to what
6 extent proposed increased city funding for
7 MTA capital might be?

8 MAYOR DE BLASIO: We're coming out
9 with our 10-year capital plan in April.
10 There will be additional resources for the
11 MTA in that plan. I can't give you an exact
12 dollar figure yet because there's a lot we
13 have to work on.

14 We certainly intend to be a part of
15 the solution. I think that the solution is
16 going to require so much -- again, with that
17 \$15 billion or so that's unaccounted for
18 right now. That's going to take all of us
19 working together and thinking of some things
20 we haven't thought about before of how to
21 address this.

22 I keep coming back to the fact that if
23 we do not secure the MTA for the long-term,
24 it will have such a negative effect on our

1 economy -- not just New York City, the entire
2 state, the entire metropolitan region -- that
3 we will, you know, look back and wish we had
4 dealt with it while we could.

5 So we're ready to do something
6 substantial, and we're ready to work with the
7 state closely on that.

8 ASSEMBLYMAN OAKS: Thank you.

9 CHAIRMAN FARRELL: Thank you.

10 Senator?

11 CHAIRMAN DeFRANCISCO: Just a couple
12 more.

13 You indicate that the graduation rate
14 in New York City schools rose to 68.4
15 percent. Now, is that 68.4 percent of the
16 students who started in kindergarten or
17 pre-K, or is it 68 percent of those who got
18 as far as high school? Where does the base
19 number come from?

20 MAYOR DE BLASIO: That is an excellent
21 question.

22 NYC BUDGET DIR. FULEIHAN: Four year.

23 MAYOR DE BLASIO: It's based on
24 four-year high school on-time graduation.

1 Four-year high school. But it's based on --
2 I'm looking behind me to verify this. It's
3 based on those who entered the high school,
4 to the best of my knowledge.

5 CHAIRMAN DeFRANCISCO: All right. So
6 entering till exiting; correct?

7 MAYOR DE BLASIO: Ninth-grade cohort.
8 Nicely said, Assemblyman -- my Assemblyman --
9 I had a lifeline here, Senator. My
10 Assemblyman came up and saved me.

11 CHAIRMAN DeFRANCISCO: We don't have
12 lifelines here.

13 MAYOR DE BLASIO: I lucked out just
14 once.

15 CHAIRMAN DeFRANCISCO: And then you
16 had mentioned that you settled 75 percent of
17 the contracts, which is a good thing.

18 What -- let's say teachers, since
19 we're on teachers. What percentage increases
20 and over what period of time did the
21 contracts call for?

22 MAYOR DE BLASIO: I want Dean to go
23 into detail, but I just want to affirm we set
24 a very clear pattern with an additional

1 increment for our uniform service unions.
2 Like I said, we have now eight uniform
3 service unions under contract, including
4 three of the NYPD unions: the captains,
5 lieutenants and detectives.

6 So that will play out now over the
7 next 25 percent. The civilian pattern we
8 have affirmed very clearly we will stick to
9 for the next 25 percent, as well as the
10 uniform pattern. And every union is welcome
11 to come in and settle on that basis and we'll
12 address other issues as well. So we've
13 budgeted that out now over the next three,
14 four years.

15 But you can go into more detail.

16 NYC BUDGET DIR. FULEIHAN: So the
17 contracts had not been -- there were
18 contracts that had not been renegotiated
19 going back to 2008, and that included the
20 teachers. And that group was about 150,000.

21 The pattern that was from about 2010
22 on, which was 10 percent over seven years --
23 which was really our pattern -- which
24 included DC37 in the major part of our

1 workforce. The uniforms were an additional
2 1 percent that was carried through.

3 And on the UFT and that group, the
4 prior administration had actually settled
5 with over 100,000 workers at 2/4 percent. So
6 what we had accommodated was --

7 MAYOR DE BLASIO: That was for '09 and
8 the '10, right?

9 NYC BUDGET DIR. FULEIHAN: Yes, for
10 part of '08 and '09 and part of '10, because
11 they begin at different times. Those
12 two-fours were spread over a number of years
13 going forward for those employees who are
14 working.

15 So there was an attempt to get a
16 parallel for the prior administration
17 pattern, and then our pattern was the
18 10 percent over seven years.

19 If you're asking for specifics --

20 CHAIRMAN DeFRANCISCO: So the contract
21 settled for --

22 NYC BUDGET DIR. FULEIHAN: If you're
23 asking for --

24 CHAIRMAN DeFRANCISCO: No, that's --

1 NYC BUDGET DIR. FULEIHAN: Okay.

2 CHAIRMAN DeFRANCISCO: So those
3 contracts have been settled, the ones you're
4 talking about, for -- they go out to seven
5 years from now that you have to negotiate?

6 NYC BUDGET DIR. FULEIHAN: The
7 contracts had to go back, and they go through
8 2018.

9 CHAIRMAN DeFRANCISCO: Oh, I see. I
10 see what you're saying.

11 NYC BUDGET DIR. FULEIHAN: Because
12 some of them had to literally go back
13 into two thousand --

14 MAYOR DE BLASIO: Yeah, when we walked
15 in the door there were some literally --
16 2008, it had been -- all the way back to
17 2008, they had still been unsettled.

18 CHAIRMAN DeFRANCISCO: Okay. Now, on
19 the other side of this I read somewhere that
20 our next speaker has come up with a
21 calculation that New York City has really got
22 a billion dollars more, a billion dollars
23 more surplus than was estimated when you put
24 out your budget. Is that a fair statement

1 or --

2 MAYOR DE BLASIO: We have great
3 respect for our comptroller. Each of us does
4 our best to estimate revenue. We just
5 presented our preliminary budget just a
6 couple of weeks ago and had a different view
7 of where the revenue situation is, because we
8 tend to be very cautious about this.

9 One of the things that I've
10 emphasized, that we have seen many levels of
11 government overestimate revenue with very
12 damaging impact. So Dean can go into more
13 detail, but we --

14 CHAIRMAN DeFRANCISCO: Okay, no.

15 MAYOR DE BLASIO: -- we have a
16 different estimate.

17 NYC BUDGET DIR. FULEIHAN: I think you
18 know that. Particularly at this point in
19 time, I think you know exactly how volatile
20 it can be.

21 CHAIRMAN DeFRANCISCO: At 3:30 today,
22 right, we have a hearing.

23 But what percentage is \$1 billion of
24 the overall budget?

1 MAYOR DE BLASIO: The budget we've
2 proposed is \$77.7 billion for the next fiscal
3 year.

4 CHAIRMAN DeFRANCISCO: Okay. I think
5 one last area, and that is I understand that
6 Commissioner Bratton of the New York City PD
7 testified at something, and I don't know what
8 he testified at, but he was actually pushing
9 for a bill or law that would require the --
10 when you inspect your car, that the tint of
11 the windows be tested for safety of the
12 officers. So there's a rule that says what
13 the tint should be, but no one pays
14 attention. And it's probably the last thing
15 a police officer is going to arrest somebody
16 for unless there's something else that
17 happened.

18 Have you taken a position on that?

19 MAYOR DE BLASIO: My broad point would
20 be that we are very focused on officer
21 safety, which is why we've made very
22 substantial investments. I obviously
23 constant talk with Commissioner Bratton about
24 what's needed. And we talked about, for

1 example, recently the vest issue, the other
2 window issue where Commissioner Bratton
3 actually believes we should not attempt to do
4 bullet-proof windows because that will
5 inhibit the safety of officers in different
6 ways. But bullet-resistant vests we're very
7 focused on.

8 In terms of the tint of the window,
9 I'm not an expert on the details, but I do
10 support the concept of that legislation,
11 absolutely.

12 CHAIRMAN DeFRANCISCO: Okay. The only
13 reason I'm saying this, I just want to shout
14 out to Commissioner Bratton. I've had a bill
15 for a hundred years because of that and for
16 that reason. And I wish at some point the
17 other law enforcement agencies throughout the
18 state will recognize what jeopardy the police
19 officers are at when they're going up to a
20 car. And I'm going to put it in again. And
21 I'd like New York City to have an endorsement
22 letter saying this will be great. Then I've
23 got 43 percent of the population, is that it?
24 Okay. That would be great.

1 MAYOR DE BLASIO: New York City is
2 with you, Mr. Chairman.

3 CHAIRMAN DeFRANCISCO: All right. All
4 right, thank you.

5 MAYOR DE BLASIO: Thank you.

6 CHAIRMAN FARRELL: Thank you.
7 Assemblyman Brennan.

8 ASSEMBLYMAN BRENNAN: Hello,
9 Mr. Mayor.

10 MAYOR DE BLASIO: My Assemblyman. How
11 are you?

12 ASSEMBLYMAN BRENNAN: You raised an
13 important point earlier in your testimony
14 that state aid is declining as a percentage
15 of the New York City budget over the past
16 several years, and it came from a report from
17 Comptroller Stringer's office. And this is a
18 long-term trend. And it's not just internal
19 to the New York City budget, it's in relation
20 to the overall allocation of resources in the
21 state budget as a whole.

22 So one manifestation of it is the
23 \$5 billion in financial settlement money that
24 the Governor has proposed, and almost none of

1 it goes to New York City. Trivial amounts.
2 There's a couple hundred million for the
3 Metro-North Bronx project in that \$5 billion,
4 but close to zero for New York City.

5 And so the question is what to do
6 about this. And let me commend to your
7 attention your successful campaign last year
8 on the pre-K program, major success for your
9 legislative program. And that campaign had a
10 target, the \$300-and-some million for pre-K.
11 It was a rally point. Legislators from
12 New York City could rally around the goal and
13 focus on achieving it. And it was a good
14 success.

15 You know, the technicalities of the
16 proportion of state aid that's going to
17 New York City are technicalities, in many
18 cases. It's an important issue, but the
19 legislators from New York City need rally
20 points to address this kind of long-term
21 trend. And you raised CFE. There was the
22 repeal of revenue sharing and the restoration
23 of revenue sharing and other points. But
24 proposals that would emanate from your office

1 that the legislators can focus on I think is
2 a strategy to assist the city.

3 Because the state government -- the
4 Cuomo administration is saying they want to
5 limit spending increases for the next several
6 years in the state budget as a hold to
7 2 percent a year. Which means that the
8 state's policy is to kind of take itself out
9 of the equation as a player in providing
10 assistance to local government, including a
11 big local government, New York City.

12 So we need some kind of
13 counter strategy that involves some rally
14 points to help the City of New York.

15 MAYOR DE BLASIO: Thank you. Well, I
16 hope my testimony begins that process.

17 We certainly believe on CFE we have a
18 very clear, tangible, historical figure. On
19 the MTA, we know what the deficit is and we
20 know it has to be addressed, and the
21 \$750 million that was proposed doesn't go far
22 enough.

23 We're certainly going to be talking
24 again beyond the budget on rent regulation,

1 preserving and strengthening that, and I
2 think that's going to be one of the most
3 crucial things in terms of our affordable
4 housing plan. I think we'll be able to
5 provide you with some very specific goals
6 that we believe are crucial that we want to
7 work on together.

8 But the -- I think the simple answer
9 is that some of the things that are most
10 foundational to the future of the city and
11 the state -- the MTA and our schools -- are
12 where the fair-share discussion can most
13 clearly begin, because the numbers are so
14 abundantly straightforward.

15 ASSEMBLYMAN BRENNAN: Thank you.

16 CHAIRMAN FARRELL: Are you finished?

17 MAYOR DE BLASIO: He did.

18 CHAIRMAN FARRELL: Yes, okay.

19 Senate?

20 SENATOR KRUEGER: No.

21 CHAIRMAN FARRELL: All right.

22 Ms. Walker, is she here?

23 ASSEMBLYWOMAN WALKER: Yes, I'm here.

24 CHAIRMAN FARRELL: All right.

1 MAYOR DE BLASIO: Front and center.

2 ASSEMBLYWOMAN WALKER: Just like I
3 like it.

4 Good afternoon, I would imagine now,
5 Mr. Mayor. And it's great to see you and
6 your team.

7 MAYOR DE BLASIO: Congratulations
8 again, Assemblywoman.

9 ASSEMBLYWOMAN WALKER: Thank you.

10 So as you know, I've heard a lot about
11 NYCHA, and I am a former NYCHA resident. And
12 when I advocate on behalf of more resources
13 for NYCHA, I'm constantly being told about
14 mismanagement and waste at the NYCHA level.
15 So I'd like to know a little bit more about
16 reforms and how we're going to work together
17 to address some of those issues regarding
18 mismanagement.

19 Just recently I was at NYCHA and one
20 of the tenant association presidents
21 mentioned that they had gone a number of days
22 without heat. And the general manager
23 indicated that he was away for the weekend
24 and that his telephone, his cellphone was

1 inaccessible.

2 And when I hear that capital resources
3 are being taken away from residents and
4 tenants and being put into an operating
5 budget, and then I turn around and I hear
6 people who are benefiting from the operating
7 budget tell tenants that they can't address
8 their capital needs because they're away on
9 vacation, it was a huge concern.

10 So I'd like to know somewhat about how
11 we can address some of the issues regarding
12 mismanagement so we can take that sort of
13 mantra off of NYCHA so we can get the
14 resources we deserve.

15 MAYOR DE BLASIO: I would very
16 respectfully say I would contest the question
17 as phrased. Meaning I think there are things
18 we have to do better. I think there are
19 examples where NYCHA did not do things as
20 well as it could have in the past. I believe
21 that in a number of areas we are fixing that
22 problem right now. I indicated earlier the
23 scaffolding situation that is being addressed
24 rapidly, the cameras that are now installed

1 from the previous funding.

2 I think there's a number of powerful
3 examples of how the management has improved,
4 and our general manager deserves a lot of
5 credit for that.

6 I don't know about the specific
7 situation you're referring to, but I do feel
8 that in the last 14 months we've been able to
9 very, very substantially tighten up the
10 management.

11 On the heat situation, look, we're all
12 facing the extraordinary cold that the city
13 has had the last -- the extraordinary cold
14 weather we've had the last few weeks. It did
15 put an additional burden on the heating
16 systems. We did have some problems. But
17 generally speaking, those problems were
18 addressed in hours, same day or very, very
19 quickly. And we've been monitoring it at
20 City Hall.

21 So I want you to know, for your
22 satisfaction, that those issues rise to my
23 level. When we hear there's a heat problem
24 in a NYCHA development, I personally and my

1 staff are constantly in touch with
2 Chair Olatoye and General Manager House to
3 make sure that those issues are addressed.

4 I think the point about the capital
5 funding refers to, again, we had a federal
6 partner; we have much less of a federal
7 partner today. As some have noted, the state
8 could and should do more as well. NYCHA has
9 to keep moving, and so we make the best
10 choices we can with the resources we have.

11 I would urge you to help us get the
12 additional state funding so we can act on
13 some of the health and safety issues we
14 outlined earlier. I guarantee you that I am
15 very focused on the question of NYCHA, and
16 I'm pushing the NYCHA leadership all the
17 time. And I also believe they are improving
18 the practices all the time. But they have an
19 extraordinarily difficult circumstance with a
20 very aging infrastructure and a lack of
21 resources that makes their job real tough,
22 and we need your help.

23 ASSEMBLYWOMAN WALKER: Right. Well,
24 you know, I still will agree with you on many

1 levels. But, you know, when having
2 conversations with the Governor and other
3 different levels, this -- it's easy to put
4 mismanagement out there. So I just would
5 impress upon all of us to be able to utilize
6 our resources just to see if we can do
7 something to change that reputation.

8 Also, as it relates to Mitchell-Lama,
9 your predecessor utilized a program where
10 many of the Mitchell-Lama programs are moving
11 to Article 11. It has received some level of
12 resistance. However, the programs are still
13 going on.

14 When we had a conversation with -- a
15 hearing with the Commissioner of Housing at
16 the state level, he indicated that the state
17 is pushing to preserve Mitchell-Lama
18 developments. So I'd like to know a little
19 bit about what the City of New York is
20 utilizing to preserve or doing to preserve
21 Mitchell-Lama in New York City.

22 MAYOR DE BLASIO: And the broad answer
23 is our deputy mayor, Alicia Glen, and our
24 housing commissioner, Vicki Been, as part of

1 our vision of protection affordability, are
2 literally, development by development,
3 looking for where there is a plan that we can
4 be a part of to preserve long-term
5 affordability.

6 The Mitchell-Lama dynamic, as you
7 know, is a tough one because in each case
8 there's a time limit. And that time limit
9 did not anticipate the fundamental changes in
10 our housing market that have made the
11 situation a lot tougher for us economically.
12 But we are trying, wherever possible, to come
13 up with individualized solutions for each
14 development.

15 We certainly need the state's help in
16 that. We welcome and applaud the state's
17 efforts. But I think the best way to say it
18 is it's very much in the foreground of our
19 attention and it's a case-by-case approach.

20 ASSEMBLYWOMAN WALKER: Okay. Next I
21 have a question about the rezoning plans in
22 East New York and in Brownsville, my
23 neighborhood that I love so much.

24 Many of the manufacturing businesses

1 and small businesses have been complaining
2 that there's really no economic development
3 component to the rezoning plans. In
4 particular, in East New York there's an IBZ
5 that really has not received a lot of
6 attention. So I'd like to hear a little bit
7 about what the economic development plan is
8 that's going to couple along with all of the
9 much needed affordable housing to the
10 neighborhood.

11 MAYOR DE BLASIO: The first point I
12 want to make -- and I appreciate the
13 question, and we obviously look forward to
14 working very closely with you in the rezoning
15 process.

16 The first point I want to make is that
17 we believe there are some areas where
18 manufacturing unquestionably must be
19 maintained, supported, even added to.
20 Because I think as a departure from the
21 previous administration's policy, we believe
22 that there are areas that are so well-suited
23 to manufacturing and there's so much greater
24 potential in manufacturing. And we need jobs

1 for working people that pay a decent wage,
2 and manufacturing often provides that.

3 So one of the things that we will be
4 working on more clearly and publicly is
5 delineating our plans for fostering and
6 supporting manufacturing in a number of
7 neighborhoods. We've done some of that with
8 the Brooklyn Navy Yard, the Brooklyn Army
9 Terminal, but there will be a lot of other
10 pieces that we'll be filling in shortly on
11 that. So that's point one.

12 I think some people -- I understand
13 why there maybe a misunderstanding, but it's
14 always my job to try and clarify. Here the
15 fact is that there are some areas we believe
16 make sense for rezoning -- including some
17 former manufacturing areas -- but there are
18 others that absolutely, positively should
19 remain manufacturing areas and in fact become
20 even more intensively manufacturing areas.

21 The second point, to your question of
22 economic development to go with the housing
23 development in some of the neighborhoods we
24 rezone, we 100 percent believe that a strong

1 neighborhood is one that has robust job
2 creation and retail stores and other
3 amenities and infrastructure and schools and
4 parks. I mean, it's -- you don't -- in my
5 opinion, you don't look at any of this in
6 isolation. When we create additional
7 housing, both affordable and market, there's
8 a whole set of things that have to go with
9 it, including job creation.

10 So we believe, to begin with, a
11 rezoning that results in more affordable
12 housing and other housing, there's a lot of
13 job opportunities right there in the
14 construction process. We want to maximize
15 the opportunities for local residents in
16 that. There's opportunities for the
17 permanent work that goes into those
18 buildings, including where they have retail
19 and other pieces, we want to maximize local
20 hiring. And that's something we want to work
21 closely with you on.

22 But there's also going to be, in the
23 process, there are ideas -- and you very well
24 may say here's a situation in my neighborhood

1 where we have a particular kind of industry
2 or a particular kind of job that could be
3 created, a tech sector or whatever it may be,
4 that we want to factor into this development
5 and this rezoning. That's something we want
6 to do. We want to figure out with you what
7 are ways to strengthen the local economy in
8 the process.

9 ASSEMBLYWOMAN WALKER: Thank you.

10 MAYOR DE BLASIO: Thank you.

11 CHAIRMAN FARRELL: Thank you.

12 Assemblywoman Arroyo.

13 ASSEMBLYWOMAN ARROYO: Thank you,
14 Mr. Chairman.

15 Buenos tardes, Senor Alcalde.

16 MAYOR DE BLASIO: Buenos tardes,
17 Asamblíesta.

18 ASSEMBLYWOMAN ARROYO: Gracias.

19 I'm going to speak about a subject
20 that has not been discussed today and I'm
21 sure that you're going to listen to me too.

22 MAYOR DE BLASIO: Yes.

23 ASSEMBLYWOMAN ARROYO: I am the chair
24 of the Subcommittee for Bilingual Education

1 in the State Assembly. We struggle every
2 year to make sure that those children and
3 those students that need bilingual education
4 are attended to. In working with
5 superintendents, principals and schools, we
6 found that there's a big shortage in
7 bilingual teachers in the State of New York.

8 Recently, a few months ago, the Board
9 of Regents passed a resolution that each
10 school in the State of New York must provide
11 bilingual education to those students that
12 are in need, but if we don't have the
13 teachers, we have to work together as a team.
14 And I'm sure that there are many people that
15 are willing to sit with us to work on the
16 subject, but I would like to make you a
17 recommendation.

18 As the mayor, you can take an
19 initiative in the City of New York that we
20 are presenting now to the Governor and to
21 both houses, and it is to take those students
22 that are not citizens, the so-called
23 Dreamers -- I don't call them Dreamers,
24 because they are real people that are there

1 to do a job -- and give them an incentive to
2 become bilingual teachers. Because those
3 that are there that speak our language are
4 the ones that we need in the classroom.

5 You can start that initiative in the
6 City Council, and I'm going to send you a
7 proposal, because I have a daughter sitting
8 in the City Council (inaudible), and I'm sure
9 that she will work with you very {inaudible}
10 to make sure that we can work together to
11 resolve this problem.

12 Mr. Mayor, the other part that is
13 important here, and I would like to make a
14 proposal also, is that we go to Puerto Rico
15 to look for teachers that can come to the
16 city and teach and become bilingual teachers.

17 But that creates a little problem. We
18 have to have housing for them. And probably
19 we can work a program in which, with a group
20 in Puerto Rico, we can work here.

21 And I said Puerto Rico. There are
22 other countries that can provide bilingual
23 teachers too, because bilingualism is not
24 only with Spanish-speaking people, it's with

1 many other groups.

2 We have to work together to do this.

3 If we can do it, I'm more than willing to
4 cooperate and be part of the solution.

5 MAYOR DE BLASIO: Thank you. I
6 appreciate that. And first of all, very much
7 appreciate your support in our efforts.

8 Second, I agree with you a hundred
9 percent that, look, the future, both for our
10 children to succeed in life and in the
11 economy, is going to be based on having the
12 kinds of skills that make sense in an
13 increasingly complex world. Having multiple
14 languages is part of that. The future is
15 more globalized than even the present, I'm
16 convinced, and that means having the language
17 capacity is crucial, having the best possible
18 education is crucial.

19 Bilingual programs, and particularly
20 the dual language strategy, really I think
21 give us a lot -- a strong tool to use in our
22 approach to education. Chancellor Fariña
23 believes fundamentally in maximizing our
24 dual-language programs.

1 You are correct that we have to focus
2 on the recruitment of teachers who bring
3 language skills. So point one I think is a
4 subset of the challenge I talked about
5 earlier. The recruitment, training and
6 retention of the very best teachers will
7 determine our educational future. That
8 includes teachers who bring a dual-language
9 skill, who bring the math and science skills
10 that are also at this point -- you know, we
11 lack teachers who will bring those skills to
12 the table, and those will be crucial to our
13 economic future.

14 So I want to, as much as possible, not
15 only turn our attention and our resources but
16 turn the public discussion to the very
17 question you're raising, how do we find the
18 teachers that bring the skills we need, how
19 do we actually put our resources and our
20 focus on getting them and then keeping them.
21 Because as you know, Assemblywoman, we are
22 losing so many good teachers after just a few
23 years, and they're precious to our future.

24 So the chancellor is very focused. It

1 helps to have a chancellor who is bilingual
2 and happens to have spoken Spanish before she
3 spoke English as a child growing up. She is
4 very, very sensitive to the fact that this is
5 an opportunity to do so much good.

6 I would love to work with you on the
7 idea of recruiting teachers from Puerto Rico
8 and elsewhere. I agree with you, the
9 affordable housing problem is a crucial part
10 of the equation. We're trying to address
11 that broadly. If we can work with you to
12 find some specific ways to link those two
13 ideas, we're very open to that. But we
14 absolutely need to recruit the best and the
15 brightest from Puerto Rico and all over the
16 country to play this role.

17 ASSEMBLYWOMAN ARROYO: Thank you,
18 Mr. Mayor.

19 MAYOR DE BLASIO: Thank you.

20 ASSEMBLYWOMAN ARROYO: And let me tell
21 you another problem that maybe nobody has
22 told you. One of the problems that we
23 have -- and we are speaking about children
24 with 68 percent only graduation rate.

1 We have a problem, and one problem is
2 that children come to the state, New York, at
3 the age that they passed the first grade but
4 they cannot place them in first grade because
5 they are 11, 12, or 13. That is simply the
6 problem.

7 You can talk to your teachers, to the
8 principals, they are getting crazy. My --
9 my -- my opinion is that a program should be
10 developed in the City of New York, and we
11 will work to make it in the whole state, with
12 alternative programs for those children that
13 are past the age to be in the grade. Because
14 the alternative program can conduct them to
15 the grade that they are, that they should be,
16 and they will never be dropouts.

17 And it's something that we can sit
18 down and talk about it. I'm more than
19 willing to do it. Because when I have the
20 principal complaining to me about the problem
21 that she has -- "You know, I have three
22 children, 12, 13, and they don't have the
23 first grade of school" -- then I understand
24 the problem.

1 But I'm more than willing to
2 cooperate, and I thank you very much for your
3 attention.

4 MAYOR DE BLASIO: Thank you. And we
5 look forward to working with you on that.
6 Thank you.

7 CHAIRMAN FARRELL: Thank you.

8 Assemblyman Perry, to close.

9 ASSEMBLYMAN PERRY: Thank you,
10 Mr. Chairman.

11 Mr. Mayor, good afternoon. Welcome.

12 MAYOR DE BLASIO: Thank you.

13 ASSEMBLYMAN PERRY: It's a pleasure to
14 have this brief discussion with you about the
15 budget.

16 And I was quickly reading through your
17 statement, and what blared up at me, I saw on
18 page 7, I focused, said "Mayor Bloomberg and
19 I agree." And I noticed that was under the
20 heading "Three Critical Areas: Education,
21 Housing and Infrastructure." I was a little
22 shocked until I read a little further and
23 realized that you only agree on the issue of
24 mayoral control and extending it. So my fear

1 was abated as quickly as it arose.

2 MAYOR DE BLASIO: I'm sorry I gave you
3 a scare there.

4 ASSEMBLYMAN PERRY: I want to thank
5 you for your service over the year and a
6 couple of months, and it's a pleasure to have
7 a mayor that I agree with on most of the
8 proposals.

9 On your three critical areas, you
10 mentioned infrastructure but I didn't see a
11 lot about actual proposals on infrastructure
12 actions that you plan to take.

13 I represent the 58th Assembly
14 District, which includes parts of
15 Brownsville, East Flatbush and Canarsie. And
16 the people in Canarsie did experience very
17 serious financial hardships as a result of
18 Sandy. They have an enduring, perpetual
19 infrastructure issue, and it relates to
20 sewage, inadequate sewer and drainage system.
21 And I have, for most of my tenure, been
22 advocating for the city to do something about
23 that.

24 In your budget request and proposals,

1 how is this serious continuing problem
2 addressed? Is there any way that you can
3 provide me with some comforting news that I
4 can share with my constituents that this
5 issue is going to be addressed?

6 You will recall that the flooding, all
7 the basements were flooded. And that doesn't
8 happen only when we have a storm like Sandy,
9 this is an experience that the city residents
10 in Canarsie go through every time you have
11 rain for an hour or more. And so it's really
12 a big problem for us, and I'd appreciate
13 hearing from you on that, Mr. Mayor.

14 MAYOR DE BLASIO: Thank you,
15 Assemblyman.

16 I was in Canarsie in the weeks after
17 Sandy hit, talked to a number of homeowners
18 about their experience. I think you're
19 right -- and I know you've raised this to me
20 very energetically before -- that the
21 hardship that your constituents faced in
22 Canarsie did not get as much attention as
23 some of the areas that were better reported
24 on.

1 What we've tried to do in terms of
2 Sandy recovery is, one, work with the federal
3 government to move the resources and some of
4 the initiatives that really would make a
5 difference. So I'm very proud of the fact
6 that we've had extraordinary success in
7 getting the kind of reimbursements from FEMA,
8 HUD and other agencies that have been
9 essential to our ability to secure long-term
10 resiliency.

11 And I want to thank our federal
12 partners. They have been outstanding in
13 their level of cooperation. A great deal of
14 resources, you can see in the budget proposal
15 we put forward in February, a great deal of
16 resources have already flowed into the city
17 budget for recovery and resiliency efforts.
18 More are coming. I particularly want to
19 thank Senator Schumer, who's been an
20 extraordinary ally in that.

21 So that piece is moving. And as you
22 know, a number of Army Corps of Engineers and
23 other projects are moving.

24 Second, in terms of the immediate aid

1 to homeowners, I think we have over a
2 thousand construction starts. In Build It
3 Back, over 2500 reimbursement checks, a lot
4 more coming quickly.

5 But you're right, there are some
6 issues that are not just about Sandy that are
7 bigger structural issues, and the situation
8 in Canarsie is one of them. What I'll say to
9 you is I will follow up with our DEP
10 commissioner, Emily Lloyd, and we will
11 certainly be looking at this issue as we look
12 forward to coming out with our capital plan
13 in April. And I will make sure that Dean
14 Fuleihan feels personally responsible for
15 coming up with a clear answer for you.

16 But I do want to affirm in front of
17 everyone that it is an ongoing problem and we
18 have to see, between our efforts and the
19 federal efforts, what can be done to improve
20 the situation.

21 ASSEMBLYMAN PERRY: And my last
22 question has to do with something that you've
23 made a major part of your efforts in the
24 city. And it has to do -- probably, I'm not

1 sure, part of your Zero Vision plan --

2 MAYOR DE BLASIO: Vision Zero.

3 ASSEMBLYMAN BRENNAN: Zero Vision is
4 better.

5 (Laughter.)

6 MAYOR DE BLASIO: I'm trying to defend
7 my integrity. Vision Zero.

8 ASSEMBLYMAN PERRY: Vision Zero.

9 Well, the city has recently been --
10 and in my part of Brooklyn, a lot of changes
11 and implementation of dedicated bus lanes.
12 To many of my constituents, these bus lanes,
13 dedicated bus lanes, have come up as sort of
14 ticket traps. Because I think that they were
15 implemented without any proper study of the
16 traffic conditions and the need.

17 On Utica Avenue they have bus lanes
18 implemented in certain parts of the route all
19 -- for 24/7. When it is quite apparent, if
20 you travel that route, that you don't really
21 need to have a 24/7 dedicated bus lane.
22 After 7:00 in the evening, the buses hardly
23 run. And there's no need to expose motorists
24 to unnecessary ticketing when the buses don't

1 really need the dedicated route.

2 In Manhattan, I did a check and found
3 that most bus lanes in Manhattan, which has
4 more bus routes and more need for that, go
5 between 7:00 to 10:00 and 4:00 to 7:00.

6 And so I wrote to the commissioner in
7 November asking him to review it, and I have
8 not heard back a word on what I think is a
9 critical important part.

10 So my concern is what part of your --
11 you know, because folks are beginning to
12 think that this is really about revenue. And
13 what part of the city's budget, or
14 percentage, do these extra fines that come
15 from bus lane violations and other traffic
16 rules implemented -- or what percentage of
17 that goes towards your budget? And is this
18 really something that you depend on or
19 something that has become a dependency for
20 the city?

21 And, you know, take into
22 consideration, Mr. Mayor, the fact that it's
23 the poor folks in the city that pay most of
24 the traffic fines like those.

1 MAYOR DE BLASIO: Well, Assemblyman,
2 look, I -- first of all, I appreciate the
3 question because I think -- I don't blame
4 anyone who worries that there's a revenue
5 imperative, but I want to make very clear
6 that we see it in the opposite manner, that
7 we believe that the education that's been
8 done -- and I'm going to just generalize this
9 about Vision Zero before talking about the
10 specific situation on Utica Avenue.

11 We believe the education that's been
12 done in the last year has had already a very
13 important impact, because we see behavior
14 changing. And that's why we've had the
15 fewest pedestrian fatalities since 1910 in
16 the year 2014.

17 We've got a lot more to do. But we
18 believe that as behavior changes, that the
19 revenue dynamics actually go in the reverse,
20 and we want them to go in reverse. We want a
21 situation where people recognize they have to
22 slow down, recognize they have to get out of
23 the way of the buses, et cetera. And once
24 that behavior changes, we will see the

1 revenue from those situations go down and
2 down and down, and that is the ideal.

3 So no, this is not about revenue
4 generation, it is not a substantial part of
5 our budget. And we would love to see that
6 revenue literally go to zero if that were
7 possible.

8 Second, you're raising a very powerful
9 point. Because even though we know that
10 there's the speed cameras, the Vision Zero
11 type approach to inhibit speeding, especially
12 around schools, there's also the question of
13 the cameras to help keep the bus lanes open.
14 And by the way, that is in the interest of
15 all citizens, because we want to speed up
16 mass transit in our city, we want to give
17 people more mass transit options,
18 particularly in parts of Brooklyn, like a lot
19 of your district, that are underserved by
20 mass transit.

21 So the idea is a good one, but it
22 should be applied fairly. I am not familiar
23 with the details of how the timing is done in
24 one borough versus another, or different

1 routes. Sherif is going to follow up on
2 that, because I think you're raising a good
3 commonsense point that the timing needs to be
4 calibrated appropriately.

5 Further -- I say this for you but also
6 all your colleagues -- if there's ever a
7 situation where one of my commissioners does
8 not respond promptly -- this is one of the
9 most effective, efficient guys around. I've
10 heard such great feedback from so many
11 members of the Legislature about Sherif. But
12 he does -- I would ask one favor. If you
13 have a commissioner who is not responding
14 promptly, Sherif needs to know so he can
15 crack the whip. And if that doesn't solve
16 the problem, he will tell me and I'll really
17 crack the whip, because I've said to all my
18 commissioners I want members of the
19 Legislature to get the answers they need
20 promptly.

21 So I want to apologize for that delay,
22 and we will definitely get you an answer.

23 ASSEMBLYMAN PERRY: Thank you.

24 CHAIRMAN FARRELL: Thank you very

1 much.

2 MAYOR DE BLASIO: Thank you,
3 Mr. Chair.

4 CHAIRMAN FARRELL: Thank you.

5 MAYOR DE BLASIO: We survived.

6 ASSEMBLYWOMAN NOLAN: A virtuoso
7 performance.

8 CHAIRMAN FARRELL: Have a lovely day.
9 We enjoyed it. See you next year.

10 MAYOR DE BLASIO: Thank you very much.

11 CHAIRMAN FARRELL: The next speaker
12 will be Scott Stringer, comptroller, New York
13 City Comptroller's Office. This is the
14 11 a.m. hearing.

15 (Pause; off-the-record discussion.)

16 CHAIRMAN FARRELL: Good afternoon.
17 Welcome.

18 NYC COMPTROLLER STRINGER: Good
19 afternoon, Chairman Farrell and Chairman
20 DeFrancisco and members of the joint
21 committee. I want to just start out by
22 thanking those of you who have stayed to get
23 the real knowledge about what's going on in
24 city government.

1 (Laughter.)

2 NYC COMPTROLLER STRINGER: So it's
3 really great to see all of you. It is great
4 to be back in Albany, and I do welcome the
5 chance --

6 CHAIRMAN FARRELL: Don't lie now, come
7 on.

8 (Laughter.)

9 NYC COMPTROLLER STRINGER: I welcome
10 the chance to speak today about the proposed
11 2015-2016 Executive State Budget and the
12 impact it will have on New York City's
13 finances.

14 It's great to be back in Albany, and
15 it is really a pleasure to see old friends
16 and colleagues.

17 Joining me here today is our deputy
18 budget director in the comptroller's office,
19 Tim Mulligan.

20 (Applause from dais; laughter.)

21 NYC COMPTROLLER STRINGER: There's
22 your shout-out from Chair Nolan.

23 But this morning I want to offer my
24 overview of where we are in New York City

1 from an economic and budgetary perspective,
2 where we should be, in terms of ensuring that
3 the city receives its fair share of state
4 revenues, and where we have to go in the
5 future on key initiatives, from raising the
6 state's minimum wage, to passing the DREAM
7 Act, to reforming mayoral control of city
8 schools and protecting our children.

9 In many ways, the proposed 2015-2016
10 Executive Budget and the New York State
11 Financial Plan show just how far we've come
12 since the depths of the Great Recession.
13 Four years ago, New York was faced with a
14 daunting \$10 billion budget gap. Today our
15 economy has more jobs than at any point since
16 before World War II, and the projected
17 closing balance for the state fiscal year is
18 estimated to be \$10 billion.

19 That's due in no small part to the
20 tough choices made by Governor Cuomo and
21 members of the Legislature, as well as the
22 resiliency of the Empire State economy.

23 Meanwhile, the city's economy is today
24 growing faster than the nation's, and Mayor

1 de Blasio has set us on a prudent budgetary
2 course for fiscal year 2015. We certainly
3 have come a long way.

4 But I think we all understand that
5 there is much more to achieve. For too many
6 working-class New Yorkers that live paycheck
7 to paycheck, battling for affordable housing
8 and trying to make it through stagnant wages
9 and getting to pay the rent has been a real
10 challenge. Too many entrepreneurs still see
11 government as an obstacle to growth, rather
12 than a partner in success. And too many of
13 our young people still lack the resources
14 they need to succeed in the 21st-century job
15 market.

16 The Executive Budget addresses these
17 issues head-on. And again, I commend
18 Governor Cuomo for promoting a platform that
19 speaks to New York's central promise of equal
20 opportunity for all.

21 But for all the good in this budget, I
22 remain concerned that New York City residents
23 continue to be shortchanged. Recently, my
24 office released a study showing that from FY

1 2009 through FY 2014, the city received
2 \$7.7 billion less than its historical share
3 of state funding. Put another way, city
4 coffers would today have \$10 billion more if
5 its revenue from the state grew at the same
6 rate as state operating funds over that same
7 time period.

8 Those aren't just numbers. City
9 residents endured painful cuts as a result of
10 this shortfall. Whether by correcting unfair
11 formulas, or by granting the city its fair
12 share of settlement revenue, the state must
13 begin to take steps now to end this
14 historical underfunding of New York City.

15 Restoring revenue sharing is a good
16 place to start for everyone. New York City
17 has always been the economic engine of the
18 entire state, and investing in its physical
19 and human infrastructure will allow us to
20 continue to grow jobs and opportunity.

21 But it is clear that the city is not
22 receiving its fair share of infrastructure
23 dollars. Under the proposed budget, we are
24 slated to receive less than 12 percent of

1 infrastructure spending from the state
2 settlement revenue, despite contributing
3 46 percent of the state's personal income tax
4 revenue and 42 percent of the state's sales
5 tax revenue.

6 The story is very similar when it
7 comes to the Governor's property tax relief
8 proposal. Again, New York City finds itself
9 on the short end of the stick, receiving only
10 14.6 percent of total property tax relief for
11 homeowners and just 29.2 percent of total
12 property tax relief when accounting for
13 renters.

14 Furthermore, the budget proposes to
15 eliminate \$43.5 million in STAR personal
16 income tax reduction benefits for
17 approximately 44,000 city taxpayers.

18 The bottom line is that New York City
19 needs and deserves its fair share of state
20 aid. We've all seen how major events beyond
21 our control -- from the tragedy of
22 September 11th, to the Great Recession, to
23 Hurricane Sandy -- can impact the city's
24 fiscal outlook in a split second.

1 This is about equity and preparing
2 New York City for an always uncertain future.
3 It's also the right thing to do. Because as
4 the city goes, so goes the state.

5 As we discuss correcting this
6 imbalance, it's important to also recognize
7 that the Executive Budget contains many
8 commendable proposals that will positively
9 impact New York City and its 8.4 million
10 residents.

11 As many of you know, our mom-and-pop
12 shops face increasing challenges, from rising
13 commercial rents to global and technological
14 shifts that have altered the nature of small
15 business itself. These beloved community
16 institutions have defined New York City's
17 economic diversity for generations. And
18 that's why the Governor's proposal to cut tax
19 rates from 6.5 percent to 2.5 percent is so
20 important. It will help them ride out the
21 turbulence they are facing today, and build a
22 stronger tomorrow.

23 Keep in mind, nearly half of our small
24 businesses are launched by immigrants. And;

1 that's why we need the Legislature to pass
2 the New York DREAM Act in this budget --
3 without delay and with no strings attached.

4 This isn't a partisan issue. DREAM
5 Acts have passed in states across the
6 country, from deep blue California to deep
7 red Texas. For New York, this is a question
8 of whether we will slam the door of
9 opportunity on the next generation or be true
10 to our promise of providing a better life for
11 all who reach our shores.

12 The Executive Budget proposal also
13 takes important steps to combat the
14 affordability crunch by increasing the
15 minimum wage and acknowledging the city's
16 cost of living. We all know that wages in
17 New York City have not kept pace with the
18 rate of inflation. And if people aren't
19 earning a living wage, we're not going to
20 create the long-term consumer demand that
21 businesses need to invest and grow.

22 That's why New York City must be
23 empowered to establish a local minimum wage.
24 There will always be sky-is-falling rhetoric

1 when it comes to advancing critical workplace
2 reforms. But the fact is that basic
3 regulation -- from child labor laws and the
4 Clean Air Act to paid sick leave and, yes,
5 the minimum wage -- have helped to build a
6 middle class that is the backbone of the
7 greatest economic engine in the world.

8 We need a local minimum wage of \$15 an
9 hour in New York City, and the reason is
10 because the cost of living is 80 percent
11 higher than in Buffalo, 70 percent higher
12 than in Rochester, and 60 percent higher than
13 here in Albany. We need to promote a
14 New York where full-time work is rewarded
15 with full-time pay and a real chance to put
16 down roots and raise a family.

17 And while we're raising wages, we also
18 need to lay the groundwork for economic
19 expansion, and that starts with our
20 infrastructure.

21 I welcome pledges in the Executive
22 Budget to expand broadband access to all
23 New Yorkers by 2019; connect 93,000 Bronx
24 residents to four new Metro-North stations in

1 the Bronx -- I think Borough President Diaz
2 is right, this is critical; establish a
3 long-sought rail link to LaGuardia Airport;
4 and support community-based organizations
5 through a new \$50 million nonprofit
6 infrastructure capital investment program.

7 We also must do better for the
8 thousands of working New Yorkers who struggle
9 every month to pay the rent or find an
10 affordable home. Again, I applaud the
11 Governor for funding 5,000 units of
12 supportive housing, and for providing rental
13 assistance through the Department of Homeless
14 Services. These critical investments are a
15 step in the right direction and will help to
16 reduce pressure on a shelter system that has
17 nearly doubled in size over the past nine
18 years. Doubled in size in less than a
19 decade.

20 It's also time for the state to come
21 back to the table and support NYCHA with
22 meaningful capital investments that will
23 improve the lives of its 400,000 tenants.
24 Last night, more than 58,000 New Yorkers went

1 to sleep in a shelter -- almost half of them
2 children. We must do better, and this budget
3 can do better for New York.

4 Lastly, I want to talk about what our
5 budget does and does not do for our young
6 people. While this proposed Executive Budget
7 does a great deal to invest in our children,
8 I have significant concerns with how it seeks
9 to fund public education.

10 First, New York City's share of the
11 statewide total for full-day universal pre-K
12 remains flat at \$300 million, creating what
13 we estimate to be a \$40 million shortfall in
14 state funding for our youngest students.

15 UPK has been an enormous success
16 story, as many of you talked about today,
17 building our city, and we need full funding
18 to build on its success.

19 Second, I also support the renewal of
20 mayoral control. Part of that needs to be
21 reforming the Department of Education's
22 procurement rules to provide more oversight
23 and transparency. So I support mayoral
24 control, but I very much want reform of our

1 procurement rules.

2 For too long the Department of
3 Education has answered to no one when it
4 comes to procurement. With billions of
5 dollars at stake, cutting corners on
6 procurement is bad for taxpayers and bad for
7 our children. DOE must abide by the same
8 oversight rules as every other city agency.

9 And third, and most concerning, the
10 state proposes to hold the city's education
11 funding hostage unless and until certain
12 educational reform conditions are agreed to
13 by the Legislature and ratified by the United
14 Federation of Teachers.

15 So, Cathy, I just want to work with
16 you, because I am strongly in favor of
17 increasing the quality of our teachers by
18 providing them with training and support.
19 They want it, we should provide it. But the
20 truth is that not all our students enter the
21 classroom on equal footing to learn. So
22 instead of penalizing teachers because their
23 students face more challenges, we should
24 reward and incentivize those who foster

1 growth for at-risk and high-need students.
2 Those are the kids teachers want to work with
3 and help, and we should recognize that.

4 Just three years ago, this Legislature
5 enacted a nearly identical conditional
6 funding requirement that resulted in the
7 city's loss of over \$300 million in school
8 aid when agreements on teacher evaluations
9 could not be reached. This year over
10 \$400 million could be foregone in a similar
11 arrangement. This was bad budgeting two
12 years ago, and it's bad budgeting now. Do
13 not link this.

14 And let me also say we should not
15 repeat the mistake that we so recently made.
16 Because if we give students in every school,
17 from the Bronx to Buffalo, the resources they
18 need, then we're going to build a better
19 tomorrow for these children.

20 So these are some of the broad
21 outlines of some of our priorities. And I'd
22 be happy to take your questions. I know you
23 just went through a marathon session, so I
24 won't be insulted if some of you are

1 rightfully tired by the amount of time we've
2 spent here.

3 But I do want to thank Senator
4 DeFrancisco and Assemblymember Farrell for
5 giving me this opportunity.

6 CHAIRMAN FARRELL: Thank you very
7 much.

8 Mr. Benedetto.

9 ASSEMBLYMAN BENEDETTO: Welcome,
10 Mr. Comptroller.

11 NYC COMPTROLLER STRINGER: Nice to be
12 back.

13 ASSEMBLYMAN BENEDETTO: I felt for
14 you, and for all the people who are waiting
15 to give testimony today, but I must admit
16 many of us in the Assembly kind of said "Let
17 Scott wait, because we have to vote in our
18 seats" --

19 (Laughter.)

20 ASSEMBLYMAN BENEDETTO: -- and we
21 thank you for that.

22 NYC COMPTROLLER STRINGER: Can I also
23 state -- don't laugh too hard, Cathy. Can I
24 also state for the record that I sat in my

1 seat the whole time.

2 ASSEMBLYMAN BENEDETTO: Yes, yes, very
3 patiently.

4 NYC COMPTROLLER STRINGER: The whole
5 time.

6 ASSEMBLYWOMAN NOLAN: I didn't mean to
7 cackle, sorry.

8 ASSEMBLYMAN BENEDETTO:
9 Mr. Comptroller, New York City is the revenue
10 generator of the state. Wall Street, revenue
11 generator, in large extent, of New York City.

12 Can you comment about projections on
13 Wall Street and income to the budget of the
14 City of New York and how that might affect?

15 NYC COMPTROLLER STRINGER: Wall Street
16 has always been a critical component to both
17 the city budget and the state budget. In
18 fact, I remember many a year in Albany as a
19 legislator sort of waiting to calculate the
20 Wall Street bonuses because we were able to
21 turn that extra revenue into more school aid
22 and other benefits. So we certainly don't
23 minimize Wall Street.

24 But here's what we're seeing. The

1 boom days of the '90s are not coming back. I
2 think we're going to see relatively even
3 growth on Wall Street. And so that's why it
4 is critical to start thinking ahead to what
5 else we can do, what other economy we can
6 build out. That is why we are so committed
7 to building out broadband in our city to make
8 sure that we are continuing to compete in the
9 high-tech economy.

10 You know, New York City has surpassed
11 Boston and we're rivaling Silicon Valley with
12 the high-tech economy. These are the next
13 generation of entry-level jobs for our city.
14 So what's critical here is making sure that
15 our students are trained for these jobs, so
16 there's an education component to it. But
17 think about what happens when we land these
18 young businesses. The entry-level jobs now
19 pay \$60,000 and \$70,000 a year. They're
20 coder jobs and programmer jobs. And we have
21 to seize that moment. And it's not just
22 about bringing business here, it's also
23 making sure that we build affordable housing
24 so we can keep the workforce here. And we

1 have a strong education system, an arts
2 education, the sciences, because this is the
3 economy that the world's major cities are
4 competing for, but we're poised to be the
5 best at it.

6 ASSEMBLYMAN BENEDETTO: One last
7 question, Mr. Comptroller. You're advocating
8 raising the local minimum wage to \$15 an
9 hour. Has anyone done any calculations about
10 what the effect of a raise like that might
11 mean on businesses -- in particular, small
12 businesses -- in the city? And how does that
13 compare to -- vis-a-vis economic generation
14 that might occur?

15 NYC COMPTROLLER STRINGER: So June of
16 2014 we did an income analysis of a \$13.13
17 minimum wage in New York City. We are in the
18 process of calculating what the impact of a
19 \$15 minimum wage would be. But the early
20 numbers -- which is why I feel confident
21 talking about this minimum wage -- is that we
22 will continue to generate billions of dollars
23 back into communities that cry out for
24 economic activity.

1 See, when you raise the wage, people
2 end up spending in their local communities.
3 And right now part of the trend that we're
4 seeing in the New York City economy is yes,
5 Wall Street is stable, high-tech industry is
6 very positive, but where we're seeing job
7 expansion is in low-wage jobs. And in our
8 budget presentation just the other day we'll
9 show you slides that make it very clear that
10 our job growth is in these jobs.

11 So by raising the wage in a
12 significant way, we can avoid poverty, we can
13 avoid having to subsidize people who just
14 simply can't make it in New York City on
15 \$8.75 or even \$10.50. Which is why it is
16 crucial that you allow us the ability to set
17 our own minimum wage.

18 ASSEMBLYMAN BENEDETTO: Thank you,
19 Scott.

20 Thank you, Mr. Chairman.

21 CHAIRMAN FARRELL: Thank you.

22 Senator?

23 CHAIRMAN DeFRANCISCO: Senator
24 Krueger.

1 SENATOR KRUEGER: Good afternoon,
2 Mr. Comptroller.

3 NYC COMPTROLLER STRINGER: Senator.

4 SENATOR KRUEGER: So since you were
5 sitting here earlier, you heard my friend and
6 colleague Senator DeFrancisco talk to the
7 mayor about that it seems like upstate
8 New York gets shortchanged somehow compared
9 to New York City. So could you just go over
10 again what your findings were -- and I'm
11 assuming that includes and factors in how
12 much pre-K money we get, how much money we
13 draw down in social welfare programs. Could
14 you just reiterate where New York City stands
15 compared to --

16 NYC COMPTROLLER STRINGER: The numbers
17 don't lie. Here's the fact. In the last
18 five years, we've lost \$7.7 billion in state
19 aid. We don't get revenue sharing. A few
20 years before that, we lost the commuter tax.
21 And so clearly, over time, New York has seen
22 less money from the state and the federal
23 government.

24 We're not -- you know, we're not here

1 to get more than our fair share. We've never
2 done that. We also can make a strong case
3 that even despite our lack of aid, we have
4 not given up. We have built a strong economy
5 coming out of the recession. There's more
6 that we need to do, which is why we need to
7 bring back AIM and other revenue that is
8 really part of this fair-share discussion.

9 But I will tell you this. Let's just
10 put it out there. The New York City economy
11 is strong, thanks to a lot of hard work by
12 our government. But so is the state. So I
13 would propose to everybody -- and New York
14 City doesn't want to have this fight -- this
15 is not about the old way of thinking, upstate
16 versus downstate. That's parochial thinking.
17 We deserve to do better. There's enough
18 money today to make sure that all the needs
19 of this state are taken care of -- upstate,
20 suburban areas, New York City. There's
21 enough to deal with that.

22 So rather than attack one person or
23 one group, why don't we sit down, identify
24 the true needs New York City has, but also

1 look at the needs of Buffalo and Rochester
2 and some of our rural communities and get
3 this right for a change.

4 I will continue work with the Ways and
5 Means staff to give you the best analysis of
6 where the New York City economy is. I think
7 we laid it out where we certainly delivered a
8 fair-share report to certainly I think the
9 downstate members. If the upstate members
10 want this work too, we'll certainly give it
11 to you.

12 But I'm not here today to pit New York
13 City against upstate, because listen, we're
14 linked. We're one state. We have many
15 similar priorities, but we also have
16 different issues that we also have to
17 address. We cannot continue to help move the
18 state economy unless we deal with some of our
19 underlying issues: Low-wage workers, the
20 fact that too many of our kids are
21 struggling, we have too many people who are
22 living on the edge of poverty. There is a
23 tipping point for that.

24 Many downstate legislators I'm glad

1 talked about NYCHA being a priority. This is
2 critical to be able to come back here and
3 talk about the strength of the New York City
4 economy.

5 SENATOR KRUEGER: I agree with you
6 completely that we're one state. And
7 particularly as legislators, we are hired
8 technically to come up here and represent all
9 19.5 million New Yorkers.

10 NYC COMPTROLLER STRINGER: Of course.

11 SENATOR KRUEGER: Again, just to
12 reiterate, New York City sends more tax
13 revenue to Albany than is returned in state
14 budget services. That's correct?

15 NYC COMPTROLLER STRINGER: That's
16 right. And we do this, right, despite the
17 fact that our poverty rate is 20.9 percent
18 for adults, 29.8 percent for children. And
19 as I mentioned earlier, last night almost
20 60,000 people slept in shelters in New York
21 City; 25,000 are children.

22 Despite that, we are continuing to be
23 a very strong economic engine for the state,
24 sending billions of dollars to the state and

1 federal government.

2 SENATOR KRUEGER: Thank you very much.

3 CHAIRMAN FARRELL: Thank you.

4 Assemblyman Weprin.

5 ASSEMBLYMAN WEPRIN: Thank you,

6 Mr. Chairman.

7 Comptroller, since you were in your
8 seat the whole time in the morning, you heard
9 my questioning of the mayor about the AIM
10 reduction, which was \$328 million. I think
11 you were probably still in the Assembly when
12 Governor Paterson, you know, eliminated it
13 that one year -- maybe not.

14 NYC COMPTROLLER STRINGER: I was not.

15 ASSEMBLYMAN WEPRIN: Okay. It was
16 supposed to be a one-year elimination back in
17 the 2009-2010 budget of \$328 million. It was
18 supposed to be back in the next year. I did
19 a little calculation while you were up here,
20 and over the last five budgets it was
21 maintained at the previous level of
22 \$328 million. It would have been
23 \$1.64 billion over those five years. And if
24 you count the upcoming budget, assuming there

1 still is a zeroing out of the AIM --

2 NYC COMPTROLLER STRINGER: I don't
3 mean to -- I don't mean to comptroller you,
4 but it's actually \$2 billion.

5 ASSEMBLYMAN WEPRIN: It will be
6 \$2 billion with this coming year, exactly. I
7 was getting to that.

8 So where is the advocacy? I mean, as
9 the mayor said, his priority is CFE. Last
10 year it was pre-K. I've been bringing this
11 up every year. Maybe this is an issue for
12 you to champion, since you know, as
13 Senator Moynihan made the argument and
14 Mayor de Blasio made the argument today, that
15 we provide 50 percent of the tax revenue to
16 the state but certainly don't get anything
17 near that in services.

18 And even at the previous level of AIM,
19 which of course, as you know, is unrestricted
20 aid, so it's probably worth more than the
21 actual dollar amount to the city, you know,
22 it just seems that even at the old level it
23 was only about 32.7 percent of the overall
24 budget, as opposed to something closer to

1 40 to 50 percent based on population.

2 NYC COMPTROLLER STRINGER: The
3 other -- the other -- I think the other issue
4 that you raised during your discourse with
5 the mayor was that, you know, this is
6 unrestricted aid, so this is critical money
7 that we need for a whole host of issues. We
8 have lost, we will have lost over \$2 billion
9 for this.

10 You know, we can go through the
11 different buckets where we have lost state
12 aid. It totals \$7.7 billion over the last
13 few years. If you add in a couple of billion
14 dollars in lost money from the federal
15 government, we're now down \$10 billion. And
16 that's too much for a locality even as large
17 as we are.

18 I do believe that the mayor is very
19 mindful of this. He talked about our budget
20 analysis, the comptroller's budget analysis.
21 We came here today to really address the
22 issue of fair share. We don't seek anything
23 that we're not entitled to.

24 And you know, there are times when

1 different parts of the state cry out for
2 help. There have been challenging economic
3 times in upstate New York. The Governor has
4 moved to address that. And obviously the
5 lack of AIM coming to New York City was, I
6 think, a way of helping, you know, other
7 parts of the state.

8 We again recognize that we're a
9 partnership with the state. But now I'm here
10 to tell you, based on our economic
11 forecasting, based on the necessary
12 priorities of our city, we have got to bring
13 these buckets back into the city budget and
14 we have to do it this year.

15 ASSEMBLYMAN WEPRIN: And again, I'm
16 not advocating reducing aid to the other
17 municipalities, who are well-deserving of it.
18 Basically the pot got reduced by our amount.
19 It was a billion dollar AIM six years ago,
20 seven years ago. And obviously if you use
21 inflation, that billion dollars should be a
22 billion-two by now.

23 NYC COMPTROLLER STRINGER: I am very
24 committed to do anything I can to work with

1 you to make the case, to talk to
2 legislators -- Republican, Democrat upstate,
3 downstate -- to talk about how we deal with
4 the state surplus and also to speak candidly
5 about the New York City economic position.

6 ASSEMBLYMAN WEPRIN: Thank you.

7 CHAIRMAN FARRELL: Thank you.

8 Senator?

9 CHAIRMAN DeFRANCISCO: Senator Savino.

10 SENATOR SAVINO: Thank you, Senator
11 DeFrancisco.

12 CHAIRMAN DeFRANCISCO: And we're
13 joined by Senator Jack Martins.

14 SENATOR KRUEGER: Sorry. And also,
15 excuse me, Senator Jesse Hamilton and
16 Senator Tim Kennedy.

17 SENATOR SAVINO: All right. Now, they
18 were on my time there.

19 Good afternoon.

20 NYC COMPTROLLER STRINGER: Hi.
21 Welcome back.

22 SENATOR SAVINO: Great to see you,
23 Comptroller. And Tim, too. I haven't seen
24 you in ages. How are you?

1 I just want to hit on a couple of
2 points. I didn't get to hear your testimony,
3 I was on the way back from the Capitol, but I
4 did read it. So I was happy to see, one, you
5 agree with me that the property tax circuit
6 breaker proposal that the Governor has put
7 forward really does treat New York City
8 unfairly, New York City homeowners and
9 New York City renters.

10 So I want to talk a bit about, though,
11 NYCHA. There's been a lot of discussion
12 about public housing. As you know, two weeks
13 ago myself and Senator Klein and Ritchie
14 Torres and Andy Cohen, we did a press
15 conference where we released the results of
16 just a snapshot of NYCHA developments, one in
17 each borough. We're actually doing a
18 comprehensive one.

19 But as you know, the conditions in the
20 New York City Housing Authority developments
21 are deplorable. They are absolutely
22 deplorable, the conditions we let people live
23 in. And we have some suggestions for how we
24 can pare money from the city and the state.

1 If you were here, you heard the mayor speak
2 about his support for that idea.

3 But my overarching concern -- as I was
4 sitting here looking at you, I thought about
5 today's report in the Daily News. You did a
6 pretty good analysis of what's happening with
7 NYCHA. And we're concerned, if we give them
8 money -- even if we gave them a fraction of
9 what they need -- what certainty do we have
10 that they're actually going to spend this
11 money appropriately?

12 Would you support the idea of having
13 some sort of oversight over the expenditures
14 at NYCHA, or an advisory board or something
15 to make sure that the money that we send to
16 them is actually spent on what it's intended
17 for?

18 NYC COMPTROLLER STRINGER: First, I
19 want to thank you and Senator Klein for that
20 report. As you know, the first audit we
21 initiated when I became comptroller was to do
22 the kind of investigative work about NYCHA's
23 finances. We found that NYCHA left
24 \$700 million on the table, money that they

1 could have been reimbursed for from different
2 state and federal buckets, and there has been
3 no accountability.

4 One of the frustrating parts about
5 NYCHA for me is, you know, when you go and
6 you audit an agency, whether it's DOE or the
7 Parks Department, very often an audit is not
8 a surprise. You sit with the agency, you go
9 back and forth, you look at findings. And
10 the agency will say: Well, let me tell you,
11 your auditors are wrong about this and you
12 have to recognize that, and we can prove this
13 to you. And there's a give and take, and
14 there are recommendations that are accepted
15 and there's recommendations that they don't
16 accept. And that's part of, you know, the
17 checks and balance of government, mayoral
18 agencies, comptroller.

19 This is the only agency, since I've
20 been comptroller, that believes there's
21 nothing wrong, that they're doing everything
22 perfectly, that there's no room to give them
23 a creative or helpful suggestion.

24 So I agree that that has to change.

1 It's also hard to work with an agency that
2 thinks that their way is only the right way,
3 especially when audit after audit, report
4 after report, and tenant association after
5 tenant association believe that things are
6 not getting better at NYCHA.

7 But we cannot use those problems to
8 simply not keep working to identify funding
9 streams. So I think the mayor -- this is a
10 good start to double capital commitment, to
11 baseline the police funding. We should go
12 forward. One proposal that we've had I'd
13 love for you to look at it, you like to look
14 at these -- you in particular like to look at
15 these different ways of funding. Let's look
16 at the Battery Park City money that we have.
17 Perhaps that could be a funding stream to
18 NYCHA. I'll give you the information we
19 have. We've identified a surplus of
20 \$400 million. Rather than earmark it to HPD,
21 we could change that funding, \$40 million a
22 year for 10 years -- right, Jesse? I think,
23 Senator, I've talked about that with you.

24 SENATOR HAMILTON: Yes.

1 NYC COMPTROLLER STRINGER: Let's be
2 creative about NYCHA funding. But also, we
3 need more hearings, we need more oversight,
4 and we need a recognition that we're all in
5 this together. It's not going to change
6 overnight. There are some very, very serious
7 problems there. I've spent 15 years of my
8 life when I was in the Assembly, and as
9 borough president, issuing reports, walking
10 the stairs of NYCHA. I grew up in Washington
11 Heights next to Dyckman Houses. I remember
12 when a NYCHA development, right, was
13 pristine. You know, people wanted to move
14 in. There were no broken elevators. You
15 didn't have disrepair. It was great housing
16 stock.

17 And because of the federal
18 government's lack of commitment, the state's
19 lack of commitment over time, and the
20 bumbling and stumbling of the bureaucracy at
21 NYCHA, we are now at a point where we have
22 400,000 people in crisis. And I would like
23 us to change that.

24 SENATOR SAVINO: Thank you for those

1 comments. You're absolutely right. And in
2 spite of the fact that the conditions are
3 deplorable in the NYCHA developments, and we
4 have like 600,000 people living in the
5 400,000 units, there's 250,000 people on the
6 waiting list. So that's an indication to us
7 that we must not only preserve and repair
8 this stock of housing, but there's a serious
9 demand for it.

10 I want to just touch on one other
11 issue briefly. There's been a lot of
12 discussion about the minimum wage. I know
13 your position on it, I know the mayor's,
14 you've heard mine, I want to talk about
15 another area, though, that I think is
16 affecting middle-class workers or what should
17 be middle-class workers in New York City, and
18 that's wage theft. Your office is
19 responsible, I believe, or helps oversee
20 prevailing wage rates.

21 From what I know of what's happening
22 in particularly the affordable housing
23 industry, prevailing wage rates are being,
24 you know, violated all the time. Or even in

1 jobs that are supposed to be done prevailing
2 wage.

3 What's the experience that your office
4 has had with enforcement of prevailing wage?

5 NYC COMPTROLLER STRINGER: Well, since
6 I started as comptroller we've made wage
7 theft and looking at contractors in a very
8 serious -- in a very serious way. And we
9 have -- I believe we have debarred more
10 contractors, debarred, for wage theft and
11 other issues, than any modern-day
12 comptroller.

13 So we're taking this very seriously.
14 We will work with you on this. We have some
15 ideas on how to work on these issues.
16 Obviously, you know, we wish we had more
17 resources, but we also want to restore and
18 get back money that we are getting back from
19 bad actors and getting it into the hands of
20 people.

21 In fact, we have some ideas that are
22 going to be rolled out in the next couple of
23 weeks on how to do that, and I'd be happy to
24 share it with people, especially where there

1 are language barriers. You know, sometimes
2 we can get money back but we need help, we
3 need the community to work with us on this.
4 And I'd be happy to work with you on making
5 sure we can do that.

6 SENATOR SAVINO: Thank you.

7 CHAIRMAN FARRELL: Thank you.

8 Assemblywoman Nolan.

9 ASSEMBLYWOMAN NOLAN: Thank you. Just
10 quick, we expanded your audit powers last
11 year on charter schools. Did you do any
12 audits yet?

13 NYC COMPTROLLER STRINGER: Yes. We
14 are currently auditing four charter schools.

15 ASSEMBLYWOMAN NOLAN: And when are the
16 reports going to be released?

17 NYC COMPTROLLER STRINGER: One of the
18 things about audits is they take a minimum of
19 a year. We're not rushing, we're -- you
20 know, someone asked me the other day "When
21 are the charter-school audits going to be
22 done?" And I said "When they're done."

23 But we are auditing --

24 ASSEMBLYWOMAN NOLAN: Can the

1 Legislature get a time frame from you,
2 Mr. Comptroller, on that?

3 NYC COMPTROLLER STRINGER: You know
4 what, I would just say within the year of
5 when we started. You know, I can --

6 ASSEMBLYWOMAN NOLAN: All right. So,
7 I'm sorry, just --

8 NYC COMPTROLLER STRINGER: You know,
9 within the -- you know, we started a few
10 months ago, I believe. And, you know,
11 probably a year --

12 ASSEMBLYWOMAN NOLAN: So by this time
13 next year we'll have some information from
14 the comptroller's office, we hope?

15 NYC COMPTROLLER STRINGER: I would
16 believe so.

17 ASSEMBLYWOMAN NOLAN: Okay. And then
18 also on audit questions, the mayor has a big
19 plan for Sunnyside Yards and, you know, we're
20 kind of looking at the ESDC or whatever it's
21 called in the city -- I don't even know,
22 what's the city's economic development arm?
23 Thank you, David.

24 Any audits on that agency that you can

1 share with us that would be helpful to us,
2 and any thoughts on the Sunnyside Yards
3 proposal?

4 NYC COMPTROLLER STRINGER: In terms of
5 which agency? I'm having trouble.

6 MR. MULLIGAN: EDC.

7 NYC COMPTROLLER STRINGER: We're
8 certainly involved with EDC. We can't share
9 an ongoing audit. And the fact --

10 ASSEMBLYWOMAN NOLAN: No, no, no. But
11 I assume you have a press office that puts
12 them out there. I just haven't seen any in a
13 while.

14 NYC COMPTROLLER STRINGER: Anything
15 that's a matter of public record, I will
16 point you in that direction. But I just want
17 to -- I get this question a lot. We don't
18 share -- audits that are ongoing --

19 ASSEMBLYWOMAN NOLAN: No, no, we're
20 not suggesting that. We just want to know if
21 you're doing one.

22 And then Sunnyside Yards, any thoughts
23 on that?

24 NYC COMPTROLLER STRINGER: Listen, I

1 think the mayor is embarking on a huge
2 affordable housing plan. He's made a number
3 of recommendations. I will work with the
4 community. But we also want to make sure
5 that we actually build affordable housing.

6 So this is a challenging time both for
7 the people who need housing, but we also have
8 to make sure -- and I'm a big believer in
9 this, Cathy, from my time as borough
10 president -- we also need to ensure
11 community-based planning and community input.

12 And I actually think when you have
13 community input, whether it's the siting of a
14 homeless shelter or an affordable housing
15 plan --

16 ASSEMBLYWOMAN NOLAN: We appreciate
17 that.

18 NYC COMPTROLLER STRINGER: -- when the
19 community is involved from the beginning,
20 nine out of 10 times the proposal gets
21 through because that give-and-take is what
22 makes the difference.

23 And that's something I believe in.
24 Whatever proposal will be built there, if

1 any -- you know, if -- depending on the mayor
2 and the Governor. Some of this is out of our
3 hands. We have to have community input.

4 ASSEMBLYWOMAN NOLAN: Well, we
5 appreciate you have awesome powers as the
6 chief auditor for the city, and we hope that
7 you'll continue to be aggressive in using
8 them in a lot of areas.

9 And then finally, quickly, on
10 trailers, you know, we've talked a number of
11 times about this really terrible situation
12 that's now lingered for over 20, 25 years.
13 There are still thousands of New York City
14 students -- bigger than many school districts
15 that my colleagues come and talk to me
16 about -- there are thousands of New York City
17 students going to school in trailers.

18 The city is three months late -- or
19 two months late on a report that we asked,
20 clarifying, because we can never get the
21 actual data, as to the age of the trailers
22 and the trailers at high school sites, et
23 cetera, et cetera.

24 Has the comptroller audited any of

1 these issues with the Department of
2 Education? And would you consider auditing
3 this issue?

4 NYC COMPTROLLER STRINGER: Yes, we
5 will -- we are having discussions in our
6 office about the trailer situation. We're
7 waiting for the report. But we are very
8 committed, like you, to make sure that we get
9 rid of these trailers and --

10 ASSEMBLYWOMAN NOLAN: I know, those
11 guys of yours are getting bigger too. You
12 don't want them going to school in a trailer.
13 We don't want any of our children going to
14 school in a trailer.

15 NYC COMPTROLLER STRINGER: No, that's
16 absolutely true.

17 By the way, Assemblywoman, one of
18 the ways to have -- one of the ways to look
19 at EDC and some of the contracting and
20 subcontracting, the comptroller's office has
21 a tool called Checkbook, which basically puts
22 every contract, subcontract now online. We
23 actually work collaboratively with EDC to do
24 this. So I can point you in that direction

1 as well.

2 ASSEMBLYWOMAN NOLAN: Good, thank you.

3 We would appreciate that.

4 And then I just want to give a
5 shout-out to our colleagues from Buffalo,
6 New York, Mayor Brown is here, and is a
7 Queens native. And we love that they've been
8 here for the entire time listening to
9 everything in our great state. I hope I can
10 stay a little bit longer for them.

11 Thank you, Mr. Chairman, very much.

12 Thank you. Thank you, Scott.

13 NYC COMPTROLLER STRINGER: Thanks.

14 CHAIRMAN FARRELL: Thank you.

15 Senator?

16 CHAIRMAN DeFRANCISCO: Senator

17 Martins.

18 CHAIRMAN FARRELL: Oh, and we've been
19 joined by Assemblywoman Rozic and
20 Assemblyman Ryan.

21 SENATOR MARTINS: Good afternoon,
22 Mr. Comptroller. How are you?

23 NYC COMPTROLLER STRINGER: Nice to
24 meet you.

1 SENATOR MARTINS: It's good to see you
2 again. Thank you.

3 You know, I can't help but ask, with
4 our tax policy in New York State and the
5 ability that we have to sort of marshal
6 resources and put them where they're best and
7 most needed, the idea that we would come here
8 and talk about, you know, the amount that we
9 contribute to taxes from wealthy areas of the
10 state and advocate for those resources coming
11 back to us proportionate to what we pay, as
12 opposed to the concept of a progressive tax
13 system that puts these resources where
14 they're most needed -- I would hope you would
15 agree with me that with so many areas in
16 New York State in need, certainly in upstate
17 New York, with the economies as they are,
18 that those resources would be better placed
19 there.

20 NYC COMPTROLLER STRINGER: I think I
21 made it clear we're not here to ask for
22 anything that we don't need or get extra.
23 It's never been the New York City experience,
24 even when this economy in New York struggled

1 mightily, you know, after 9/11, and through
2 Hurricane Sandy, and even before that in the
3 '80s.

4 I think the point I'm trying to make,
5 and I hope it's getting through to you, is
6 that we do need, we do need some state aid.
7 We do need some federal aid. I mean, by any
8 measure. You look at New York City, I think,
9 as, you know, this rich -- you know, this
10 rich place where money grows on trees. It
11 doesn't. Most of our small businesses are
12 struggling. Most of the people in the city
13 have trouble paying the rent. I just gave
14 you the poverty statistics, the homeless
15 statistics.

16 So we need our help too. But that
17 doesn't mean that we want to have that help
18 at the expense of your district. We now look
19 at a budget surplus that you have to decide
20 on and look at, and we believe there's enough
21 there to meet your needs and our needs. And
22 this could be the year that we forget about
23 what party we're from, what region we're
24 from, and we all just work together.

1 I'm here today to just identify our
2 priorities. You will decide what our revenue
3 will be, whether you bring back AIM and other
4 resources. I hope you are thoughtful and
5 generous in what we need. But it's not at
6 your expense. We are not saying us and not
7 you.

8 SENATOR MARTINS: And I appreciate
9 that, I truly do. You know, because I do
10 believe that for every dollar we spend,
11 that's one less dollar that we can spend
12 somewhere else. And we have to be very
13 judicious in how we invest those taxpayer
14 dollars in the most effective way.

15 NYC COMPTROLLER STRINGER: So would
16 you -- would you say -- I'm confused in what
17 you're saying. I just said that, right. But
18 are you saying --

19 SENATOR MARTINS: No, I agree with
20 you.

21 NYC COMPTROLLER STRINGER: Are you
22 saying we should -- we don't have to give
23 New York City any money and we should just
24 give it to other areas of the state? Is that

1 your position?

2 SENATOR MARTINS: Mr. Comptroller, I
3 don't think I -- I don't think I said that.
4 I was asking you a question on your position
5 with respect to how the state allocates
6 resources. And I think actually we confirm
7 that we agree.

8 NYC COMPTROLLER STRINGER: Okay. I
9 just want to make sure that you do believe
10 that we are entitled to some aid.

11 SENATOR MARTINS: Of course. Of
12 course. Of course.

13 NYC COMPTROLLER STRINGER: Okay, good.

14 SENATOR MARTINS: But not
15 proportionate to the amount that you pay,
16 because that's not the nature of our system.

17 NYC COMPTROLLER STRINGER: You know,
18 but let me just say, that's also -- listen,
19 as a former legislator, budgets get
20 negotiated. But the reason I bring you this
21 information is just to show you how much we
22 are contributing to the entire state, as a
23 way of giving you an analytic to sort of make
24 an adjustment, as you see fit, with the

1 Assembly and the Governor.

2 SENATOR MARTINS: And just one last
3 question, Mr. Chairman. With respect to the
4 MTA and the capital plan and certainly the
5 city's contribution to the MTA in relation to
6 the state's contribution and other regions,
7 do you have a sense of -- one, can you remind
8 me, because I don't remember offhand, how
9 much does the city contribute to the MTA?

10 NYC COMPTROLLER STRINGER: You know,
11 we have -- there are multiple tax and
12 statutory contributions that we pay to the
13 MTA. Perhaps our biggest contribution is,
14 you know, the straphanger contribution and
15 the fares that we've had to endure in order
16 to -- you know, for funding. But I can get
17 you a detailed analysis. That's a good
18 question in terms of --

19 SENATOR MARTINS: As we approach the
20 challenges that the MTA has, and obviously
21 the priority that the MTA is to the entire
22 state and certainly the downstate region, you
23 know, I think that would be very important.
24 I'd appreciate whatever information you can

1 provide.

2 NYC COMPTROLLER STRINGER: Be happy
3 to.

4 SENATOR MARTINS: Thank you.

5 NYC COMPTROLLER STRINGER: I will get
6 it to you immediately.

7 CHAIRMAN FARRELL: Thank you, Senator.
8 Assemblywoman Bichotte.

9 ASSEMBLYWOMAN BICHOTTE: Thank you,
10 Mr. Chair.

11 NYC COMPTROLLER STRINGER:
12 Congratulations. Great to see you.

13 ASSEMBLYWOMAN BICHOTTE: Great to see
14 you, Comptroller, here in our neck of the
15 woods.

16 I have a few questions for you. One
17 is regarding pension. Are you looking at
18 ways for NYCER pension to invest in the
19 infrastructure projects in New York City?

20 In addition to that, do you see a
21 capital gap in infrastructure investment?
22 And if so, how much of that gap are you
23 looking to fill?

24 NYC COMPTROLLER STRINGER: Part of our

1 asset allocation allows us to invest in, you
2 know, a wide variety of investments. Part of
3 what we're trying to do is look for valued
4 infrastructure investment. You know, as a
5 fiduciary, you also have to invest in a
6 particular infrastructure project that's
7 going to get the desired rate of return. So
8 we are working towards that.

9 And while I can't share with you
10 today, you know, a big announcement,
11 obviously investing in infrastructure is
12 critical to our state, critical to our city.
13 And again as a fiduciary to the pension fund,
14 we invest, you know, based on the deal that
15 we receive and how we can manage that and
16 make sure we get a rate of return for our
17 retirees.

18 ASSEMBLYWOMAN BICHOTTE: Okay, great.
19 And the reason why we ask that is because
20 obviously, you know, a good portion of the
21 settlement going to a lot of the
22 infrastructure, the New York State upstate
23 infrastructure. And so we wanted to know if
24 some of the pensions would be invested in

1 that. But completely understand. We
2 certainly have to be risk-averse when it
3 comes to a pension for our New Yorkers.

4 My second question is around minimum
5 wage. So the Governor proposed a minimum
6 wage of \$11.50 for New York City. And I
7 believe the mayor was proposing \$13 for
8 New York City, and you're proposing \$15.

9 Now, I'm in line with you that it
10 should be raised to \$15. But apparently
11 there's a gap in the numbers in terms of
12 Governor, mayor and yourself. In terms of
13 the \$15 calculation, what kind of factors
14 were taken into consideration? You know,
15 things like cost of living, the rate of
16 inflation? And why is it so different from
17 what the Governor is proposing?

18 NYC COMPTROLLER STRINGER: Well, I
19 think -- listen, I think your job is to take
20 the different analyses from the Governor, the
21 mayor, from our office, to arrive at what you
22 think makes sense overall. You know, it's
23 your decision.

24 You know, we do believe and I support

1 the mayor's effort to allow our city to
2 decide what the city minimum wage should be,
3 because our economists, our office, I think
4 we have a good feel for the tempo of our
5 small businesses and our economy, what we
6 can't afford, what we can afford.

7 I can tell you that the \$13.13 minimum
8 wage analysis that we did in June, we
9 estimate that increasing New York City's
10 minimum wage to that level would increase the
11 pay of roughly 1.2 million New York City
12 residents by about \$100 a week, for a total
13 of about \$6 billion annually. And so if you
14 increase it a little bit more and you get up
15 to \$15, you can see the amount of money that
16 will come into our communities that's so
17 desperately needed.

18 Also, as the mayor talked about rising
19 housing costs and the price of everything
20 going up and the affordability crisis that
21 people face, the ability to, you know, raise
22 children in our city, it is not unreasonable
23 for a city like ours to support a \$15 minimum
24 wage. At the very least, I would hope that

1 you would allow us to have that robust
2 discussion within our City Council and our
3 government, whether it's \$13 or \$15 or
4 somewhere in between.

5 ASSEMBLYWOMAN BICHOTTE: Okay. With
6 that, you know, how would we address the
7 concerns for the small businesses -- in
8 particular, the ma-and-pa shop who might feel
9 that it's just too high, they cannot afford a
10 \$13, a \$15 or even an \$11.50 minimum wage?

11 NYC COMPTROLLER STRINGER: There's a
12 lot of studies out there -- we can certainly
13 get you some of them that I've looked at --
14 that show that an increase in the minimum
15 wage would not -- you know, would not be doom
16 and gloom for small businesses.

17 Obviously there would be an impact,
18 I'm certainly going to tell you that. But
19 here's what we can do to help small
20 businesses. Right? And you've been a leader
21 in your first few months in the Assembly.
22 For a lot of our small businesses, the city
23 can help. We spend \$18 billion a year
24 procuring goods and services, law firms,

1 accounting firms. We buy paperclips, paper,
2 janitorial services. Four percent of that
3 spend are with women- and minority-owned
4 businesses. It's absolutely disgraceful.

5 And a lot of these businesses, if they
6 could obtain those contracts -- if we had
7 mentorship programs and a real commitment to
8 MWBEs, then we would be helping these small
9 businesses grow, hiring locally, maybe hiring
10 our kids. And that's one way to help small
11 businesses.

12 The second thing is we now have
13 established in our office the Red Tape
14 Commission. I'm not a big task force person,
15 right? And everyone thinks that a task force
16 solves everything. But we are going to look
17 at the fees, the taxes, the harassment that
18 goes into businesses in New York City. You
19 know, every politician wants to be at the
20 ribbon-cutting of a small business. But then
21 the inspectors come, and then the agencies
22 come. And within a year we've made
23 struggling businesses -- they're even in a
24 worse situation.

1 So there's a lot that we can do to
2 help our small businesses. The question is
3 let's not pit the small business owner and
4 the small business against their employees or
5 people who have to make a living and will
6 have more of an investment in that small
7 business. Let's just help the small
8 business.

9 ASSEMBLYWOMAN BICHOTTE: Thank you.
10 You know, I just want to quickly applaud you
11 for really taking a look at procurement, in
12 particular local small businesses as well as
13 MWBEs, minority and women business
14 enterprises. And I know you implemented an
15 audit process of grading the agencies on how
16 well they're doing.

17 Can you give us a quick, very high
18 level of that process of auditing these
19 agencies and the expectation -- or what are
20 you expecting from the mayor in terms of the
21 MWBE analysis as a result of the auditing
22 process?

23 NYC COMPTROLLER STRINGER: So just
24 very quickly, we have letter-graded 32 city

1 agencies based on the aspirational goal of
2 Local Law 1. And we looked at the actual
3 spend of agencies with women and
4 minority-owned businesses. And most of the
5 agencies got Ds and Fs. A few got Cs. And
6 that's because we're only spending 4 percent
7 on women and minority-owned businesses.

8 There really has not been a light on
9 this. And it just makes no sense from a
10 business perspective. Obviously it's unfair
11 to many people who take the time to be a
12 registered MWBE knowing that they can't get a
13 contract. So that has to change.

14 But this is not a political document.
15 Because even though my agency is not part of
16 Local Law 1, I said to the people in the
17 comptroller's office: We can't grade city
18 agencies without taking a look at our office.
19 Right? We are a \$90 million budget, we have
20 700 employees, we also procure needed
21 services.

22 So when we did our calculation on our
23 MWBE spend, we got a C. And that says that
24 this is about all of us lifting up the

1 process for engaging MWBEs. Right? And I
2 think this is going to make us stronger,
3 because there is a commitment by the
4 administration. They're watching our
5 letter-grading system. We've met with
6 commissioners. They obviously want to go
7 from a D to a B to an A. I want to as well.
8 And I'm pretty confident that by next year,
9 when we letter-grade again, we will see
10 improvement.

11 But we are going to shine a light on
12 this, because for years the MWBE spend has
13 actually gotten worse. In 2012, it was
14 5 percent. Now I think we're up to 4.2,
15 4.4 percent. So let's empower women and
16 minority-owned businesses. Every one of
17 these businesses want to do well, but they
18 need help and they need mentorship, and we
19 can do that in the city.

20 ASSEMBLYWOMAN BICHOTTE: Thank you so
21 much.

22 NYC COMPTROLLER STRINGER:
23 Congratulations.

24 CHAIRMAN FARRELL: Thank you.

1 Senator?

2 CHAIRMAN DeFRANCISCO: Yes, I have a
3 few questions. First on minimum wage.

4 You had indicated that if you raise
5 the minimum wage to \$13 an hour in New York
6 City, you made a computation that it's a very
7 good thing because there will be \$6 billion
8 to spend. People have \$6 billion more of
9 spending. And so is that a net increase for
10 economic activity in the City of New York?

11 NYC COMPTROLLER STRINGER: Let me ask
12 our budget director to take you through it.

13 MR. MULLIGAN: That's an analysis of
14 the wage impact of the people at minimum wage
15 that would be raised to \$13.13. Also the
16 people that are currently above the minimum
17 wage who, because of the higher level, would
18 also be picked up en route to that.

19 So it's just the wage impact for the
20 people that are raised.

21 CHAIRMAN DeFRANCISCO: And what are
22 you estimating as the domino effect by
23 increasing other salaries as a result of the
24 minimum wage being increased?

1 MR. MULLIGAN: Our study did not look
2 at the cascading effect. But clearly a
3 rising minimum wage puts pressure on people
4 who are near the new minimum to maintain
5 salary structures that they can get increased
6 as well.

7 CHAIRMAN DeFRANCISCO: So what does
8 the \$6 million mean? Is that of just the
9 minimum wage or the cascading factor?

10 MR. MULLIGAN: It's just \$6 billion
11 from the increased earnings from the people
12 who are now at the minimum that goes up, and
13 the additional people who are now above the
14 minimum but would go up to the minimum as --

15 CHAIRMAN DeFRANCISCO: All right, so
16 it's including the cascading effect.

17 MR. MULLIGAN: It's not including the
18 cascading effect, Senator. It's just
19 everyone that would be at \$13.13 after you
20 increase it, and how much more they would
21 receive in income, on average, than they are
22 now. Not the people who are above who may
23 get bumped.

24 CHAIRMAN DeFRANCISCO: Who are going

1 to get increased naturally, is that fair to
2 say?

3 MR. MULLIGAN: Pardon me?

4 CHAIRMAN DeFRANCISCO: Won't the
5 people above them, when the minimum wage goes
6 up, won't that be increased naturally,
7 because you can't -- they have --

8 MR. MULLIGAN: There is some of that.
9 The Economic research on that is a little
10 mixed. It's hard to sort of nail down how
11 much. It's not dollar for dollar. And it
12 wasn't the scope of what we did last summer.

13 CHAIRMAN DeFRANCISCO: But can you
14 say -- and I'll ask Mr. Stringer again -- can
15 you say that that -- just the minimum wage,
16 the number \$6 billion in more economic
17 activity -- obviously, that's a wonderful
18 thing. More taxes being paid and so forth.

19 But the question I have, is that --
20 according to your analysis, is that an
21 analysis that shows that this is an economic
22 positive? I think that's what you said,
23 Mr. Stringer, because there's more money
24 being spent and more taxes being raised.

1 NYC COMPTROLLER STRINGER: I'm not
2 sure what you're saying. I said -- I said --
3 I think we answered the question.

4 CHAIRMAN DeFRANCISCO: Well, I'm
5 asking you again because I'm positive that
6 you said that this \$6 billion of more income
7 means more spending power, means more taxes.
8 And I assume you concluded that that is a net
9 positive for the City of New York.

10 NYC COMPTROLLER STRINGER: I think so.

11 CHAIRMAN DeFRANCISCO: Okay. Is there
12 an analysis that made you come up with that
13 conclusion? Or it's just that you think so?

14 NYC COMPTROLLER STRINGER: Well, I
15 think when you -- I think the analysis that
16 we did, which I will show you. I don't know
17 if you actually have time to read it. You
18 know, I would certainly give you our analysis
19 on the \$13 minimum wage that we did in June.
20 I'd be happy to show you that.

21 CHAIRMAN DeFRANCISCO: And does
22 that -- I'd love to see it. But does that --
23 and I appreciate getting a copy. But all I'm
24 asking is, did that analysis conclude that

1 it's a net positive for the City of New York
2 by raising the minimum wage from whatever it
3 is to \$13?

4 NYC COMPTROLLER STRINGER: If I
5 understand your question, this report did not
6 look at the small business -- you know, from
7 the employer perspective or for businesses
8 from the employer perspective.

9 CHAIRMAN DeFRANCISCO: All right.
10 But you --

11 NYC COMPTROLLER STRINGER: But I
12 think --

13 CHAIRMAN DeFRANCISCO: Excuse me --

14 NYC COMPTROLLER STRINGER: -- but I
15 think raising the minimum wage is a net
16 positive for New York City.

17 CHAIRMAN DeFRANCISCO: Okay. So
18 that's what you think. But your analysis
19 only included the increase in spending power
20 as a result of an increase in the minimum
21 wage?

22 NYC COMPTROLLER STRINGER: There are a
23 lot of analyses out there that suggest --

24 CHAIRMAN DeFRANCISCO: I'm asking

1 about your analysis.

2 NYC COMPTROLLER STRINGER: Well, we
3 already answered this three times. But we
4 didn't -- but my statement was not just based
5 on my analysis, for one analysis. My
6 statement is based on looking at this issue,
7 working with a number of organizations,
8 working with our economists in my office, and
9 working with our deputy comptroller for
10 budget, I believe that raising the minimum
11 wage for a lot of -- based on a lot of
12 analyses, is a net plus for our city.

13 CHAIRMAN DeFRANCISCO: Okay. Can you
14 give me your report and also the analysis
15 that you say that you also looked at to come
16 up with this net positive?

17 NYC COMPTROLLER STRINGER: Be happy
18 to.

19 CHAIRMAN DeFRANCISCO: Okay, that's
20 number one.

21 Number two, but you do admit that
22 there's a negative effect on raising the
23 minimum wage for certain businesses?

24 NYC COMPTROLLER STRINGER: Obviously

1 there could be -- there could be challenges
2 to this. I don't think there's anyone who
3 wouldn't think that's true.

4 But obviously we have ideas and the
5 ability to mitigate that because on the
6 whole, the net positive of raising the
7 minimum wage is something that we have to do
8 in New York City.

9 CHAIRMAN DeFRANCISCO: Okay. So what,
10 according to your analysis --

11 NYC COMPTROLLER STRINGER: By the way,
12 the private sector recognizes this. So with
13 all due respect, you should also talk to your
14 friends in the business community, because
15 they're starting to recognize what we've
16 always understood, you pay people a living
17 wage, the company is going to grow, the
18 company is going to get better.

19 And by the way, Senator, if you add
20 in -- I don't want to shock you with this,
21 but if you actually, you know, decide on a
22 flex-time proposal and make it easier for
23 people to work differently, you actually
24 empower a lot of companies. So we're going

1 to come back to you with a lot of great,
2 novel ideas about how the workforce can
3 expand by taking new approaches. And I think
4 you're going to find it exciting. I know
5 Liz Krueger is going to be talking to you
6 about it.

7 CHAIRMAN DeFRANCISCO: Yeah, I'm not
8 sure. But we'll see what it is. But I don't
9 believe in redistribution of wealth as a
10 basis for an economic positive. I think the
11 same small businesses that people earlier
12 were talking about that are struggling, many
13 of them immigrants, I think I heard -- I
14 would think there would be a negative impact
15 on the mom-and-pop operation that now has to
16 pay additional funds.

17 And I think one of the results happens
18 to be they take on less employees. And that
19 doesn't help the people you're trying to
20 help. Otherwise, why not raise the minimum
21 wage to \$20 an hour?

22 NYC COMPTROLLER STRINGER: Well,
23 that's an idea. No --

24 (Laughter.)

1 CHAIRMAN DeFRANCISCO: There you go.

2 There you go.

3 NYC COMPTROLLER STRINGER: Listen, the
4 truth is -- the truth is that all of this has
5 to be analyzed and looked at and part of what
6 we're talking about in our city, which is why
7 we would like you to give us the ability to
8 raise our own minimum wage, is we also can
9 use this time period to make things better
10 for our small businesses. I didn't just come
11 here and say raise the minimum wage. There's
12 a lot that New York City has to do to help
13 our small businesses, especially, as you
14 said, our women- and minority-owned
15 businesses. Assemblywoman Bichotte has been
16 a leader in this already. We're also looking
17 at ways to reduce taxes and fees.

18 As you noticed, the mayor came and
19 testified here for a couple of hours. You
20 asked similar questions. I'm now coming here
21 to tell you the same thing. So we've got it
22 covered.

23 But here's what we have to deal with.
24 We have people who can't afford to put food

1 on the table for their little babies. We
2 have people who can't pay --

3 CHAIRMAN DeFRANCISCO: Okay, I get it.
4 I get it. I get it. I'm talking about
5 analyses, not opinions.

6 NYC COMPTROLLER STRINGER: But that's
7 a fact too. We have to get more money into
8 the hands of employees who are working hard,
9 supporting these businesses -- and it's not
10 just small businesses. Mid-level companies
11 and companies that make a whole lot of money.
12 We are seeing a trend in our city of a
13 low-wage worker expansion. And we have got
14 to figure out ways to move people up that
15 economic ladder so that they can live a full
16 life and then we don't have to also subsidize
17 them.

18 CHAIRMAN DeFRANCISCO: Okay, so you
19 think raising the minimum wage is going to
20 result in the elimination of subsidizing the
21 poor?

22 NYC COMPTROLLER STRINGER: I think
23 raising the minimum wage will go a long way
24 to helping struggling New Yorkers -- single

1 parents, children. And I can't imagine why
2 we would want to keep people at \$8.75, which
3 doesn't buy anything.

4 And by the way, if you look at our
5 analysis, when you look at the cost of living
6 in New York City, it's 80 percent more than
7 it is in Buffalo, 70 percent more than it is
8 in Rochester --

9 CHAIRMAN DeFRANCISCO: I said I read
10 it. I read it, I heard it. I heard it. But
11 it doesn't have anything to do with the
12 question I'm asking you.

13 NYC COMPTROLLER STRINGER: I think it
14 has everything to do with the question. And
15 the answer I've now given you four times is
16 not going to change.

17 CHAIRMAN DeFRANCISCO: Well, I wasn't
18 counting. But I haven't heard one that makes
19 any sense to me yet. That's why I keep
20 asking.

21 NYC COMPTROLLER STRINGER: I could do
22 it again, but you can ask me another
23 question.

24 CHAIRMAN DeFRANCISCO: Okay, I'll ask

1 you another question. This other question is
2 why not raise the minimum wage to \$20 if this
3 is such an economic boon to society?

4 NYC COMPTROLLER STRINGER: Because
5 we've now looked at different models, and we
6 believe that -- I believe, because there are
7 people who support a \$13 minimum wage -- I
8 believe that this is sustainable for people
9 who live in New York City.

10 Now, under our proposal we
11 recognize -- and you recognize, because
12 you've now read this and heard this a few
13 times -- that our cost of living is way
14 higher than other parts of the state, so it
15 makes sense to have a higher minimum wage
16 just because the cost of living is higher. I
17 just asked you to consider doing --

18 CHAIRMAN DeFRANCISCO: Did I ask you
19 about the higher minimum wage in New York
20 City? Just -- just -- can you answer that
21 yes or no? I asked you about why not raise
22 it to \$20.

23 NYC COMPTROLLER STRINGER: I think
24 your asking me that question, it's not a

1 serious question. You know what the
2 parameters of the proposals are.

3 CHAIRMAN DeFRANCISCO: All right. So
4 rather than --

5 NYC COMPTROLLER STRINGER: Forgive me,
6 I used to sit in this seat and I used to ask
7 those questions too. But I'm -- you know,
8 I'm just not going to go there with you.

9 CHAIRMAN DeFRANCISCO: Well, I guess
10 all I'm suggesting to you, the way you
11 presented this at the outset was that raising
12 the minimum wage is a net positive, a net
13 positive, and it's a good thing to do because
14 you'll have more spending. But there's
15 another side of this that depends upon
16 whether or not that wage is going to result
17 in lower employment because some people are
18 going to not be able to hire the same number
19 of people, and the like.

20 And that's -- and you said you had --
21 so if you give me your report and all the
22 other analyses that you came up with, rather
23 than your opinion -- I understand your
24 opinion, it's well known. And my opinion is

1 well known. So I guess my point, I want to
2 see the analyses that you have. Okay?

3 NYC COMPTROLLER STRINGER: We will be
4 happy to work with you.

5 One thing I want to leave you with,
6 adjusted for the cost of living, according to
7 our analysis, the minimum wage in New York
8 City is currently the lowest of any major
9 city in the United States. And to keep up
10 with costs, our workers need a boost in
11 wages. So I leave you with that to think
12 about when you look at the rest of the
13 United States.

14 CHAIRMAN DeFRANCISCO: Okay. And
15 you're concerned about the lower-wage people,
16 that you have to provide things for small
17 businesses, you have to provide for the poor
18 and the like.

19 So on that same analysis that Senator
20 Martins was mentioning to you, then you have
21 no problem, if in fact New York is spending
22 more money, of helping upstate New York, that
23 doesn't have an economy that's booming, like
24 you said at the beginning, that is in a very

1 difficult financial situation. And so you
2 have no problem with that concept to help
3 support poorer cities.

4 So I guess this all started, by the
5 way, just for the point, when the mayor
6 talked about we want to get our fair share
7 because we haven't been getting this, we
8 haven't been getting that. You said the same
9 thing. But the fact of the matter is two
10 points. There's other areas where New York
11 City does very well, as opposed to upstate
12 New York.

13 And secondly, even if that wasn't the
14 case, by your own philosophy you ran on, you
15 want to help the struggling areas of the
16 state. So it's a good thing to help those
17 other areas of the state that are struggling
18 right now.

19 NYC COMPTROLLER STRINGER: You know,
20 as a former chair of the Cities Committee I
21 had an opportunity, when I was the committee
22 chair, to go to the major cities, you know,
23 in upstate New York -- you know, it was
24 Syracuse, Rochester, Buffalo. We held

1 hearings, we talked to people. And I'm
2 always struck, as a New York City legislator,
3 how much we had in common.

4 You know, we have some real poverty in
5 New York City. As you know, we talked about
6 that. I won't repeat the statistical data,
7 especially among our children. But so does
8 Buffalo and other areas. You know, you have
9 a great mayor in upstate New York, you know,
10 Mayor Brown, who works on these issues, you
11 know, all the time and has made a great
12 difference for the people of Buffalo.

13 But we have a lot in common. We talk
14 with other big-city mayors about that all the
15 time. And then there's a whole part of rural
16 New York that struggles as well.

17 I am not here today to pick your
18 pocket for my pocket. I want to make that
19 clear to everybody. I don't believe the
20 mayor came here to take from you or do
21 something that would hurt another struggling
22 person. That means nothing to me, because
23 we're one state. And my experience for
24 13 years as a state legislator was getting

1 the opportunity to see things somewhat
2 differently, because you got to work with
3 people from all over. And that's one of the
4 great moments of being a state legislator,
5 you really get to look beyond your street
6 corner.

7 So during this budget negotiation,
8 we're not trying to look at what you got,
9 we're just saying there's a \$5 billion
10 settlement, for lack of a better word, pie.
11 We estimate that when you look at other
12 revenue you have \$10 billion. You know, I
13 was here when we had \$10 billion deficits.
14 And all I'm asking you to do is while you
15 deliberate and make sure your district does
16 well -- that's what you're supposed to do --
17 you also listen to our data, as you said you
18 would, and our analysis, and think about us
19 during the budget negotiations. And
20 recognize that there is a case to be made for
21 New York City to also receive, you know, AIM
22 money and other buckets that would go a long
23 way to strengthening the state economy.

24 CHAIRMAN FARRELL: Next, Assemblyman

1 Moya.

2 ASSEMBLYMAN MOYA: Thank you,
3 Mr. Chairman.

4 Thank you, Mr. Comptroller. I will be
5 brief. I just wanted to thank you for your
6 inclusion of the DREAM Act in your
7 presentation. We know that it's a very
8 important piece of legislation that we need
9 to get done this year.

10 I've worked with Comptroller DiNapoli
11 on a report statewide of the cost of what
12 this would have an impact on the state and
13 the revenues that it would bring back as
14 well. I was wondering if you had done a
15 report on the impact that it would have on
16 the city. And if you haven't, we'd love to
17 work with you in making sure we can get those
18 numbers.

19 NYC COMPTROLLER STRINGER: First I
20 want to praise you for you for your
21 leadership, whether it's the rallies,
22 television, or your strong negotiating. When
23 the DREAM Act happens, it's going to be a
24 great credit to you and the people you work

1 with.

2 But to your point, we can certainly
3 talk with Tim. We do a couple of things in
4 the comptroller's office. Not everything is
5 a year-long audit. We also do economic
6 forecasting and we do snapshots of different
7 industries, and maybe this is a way we can
8 collaborate and do something in time for the
9 legislative session.

10 ASSEMBLYMAN MOYA: We'd love that.

11 NYC COMPTROLLER STRINGER: Great.

12 ASSEMBLYMAN MOYA: Okay, thank you.

13 CHAIRMAN FARRELL: Senator?

14 CHAIRMAN DeFRANCISCO: All set.

15 CHAIRMAN FARRELL: Assemblywoman

16 Rozic.

17 ASSEMBLYWOMAN ROZIC: Always good to
18 see you, Comptroller.

19 NYC COMPTROLLER STRINGER:

20 Assemblywoman.

21 ASSEMBLYWOMAN ROZIC: I just have two
22 quick questions. The first is, as we all
23 know, the MTA is under huge duress. New York
24 City transit is definitely underfunded. Do

1 you have any thoughts on the \$15 billion
2 projected deficit or how we can manage all of
3 that?

4 NYC COMPTROLLER STRINGER: I'm going
5 to let Tim just talk about the economy.

6 MR. MULLIGAN: Obviously there's a big
7 capital deficit for the MTA. And this is an
8 issue that comes back every few years. And I
9 think it has to be a solution which has sort
10 of multiple prongs. And so we're looking at
11 things -- we're looking at sort of all the
12 ways in which the city is contributing to the
13 MTA. We're also looking at the capital
14 budget itself and whether there's
15 opportunities to be more productive with the
16 dollars to sort of address, you know,
17 critical service needs to prioritize that
18 above other things that might be there.

19 So I think, you know, when there's a
20 problem this large, you really have to focus
21 on different angles to get the solution.

22 ASSEMBLYWOMAN ROZIC: And just another
23 quick question on an unrelated topic. You
24 know, the city is set to get millions of

1 dollars from the Smart Schools Bond Act that
2 we just did. Do you have any thoughts or
3 plans on how the city should be effectively
4 spending it and dealing with that as that
5 money comes down?

6 NYC COMPTROLLER STRINGER: So part of
7 what we're looking at, and we just released a
8 first-ever analysis of the city's spend on
9 the capital budget. And what we found in
10 terms of broad agencies, we see that the
11 average spend for capital dollars, on-time
12 spending is 60 percent of our capital plan.

13 So part of what I want to make sure is
14 that for this funding, this capital funding,
15 that we work with the agencies, and starting
16 now, to make sure that we identify projects
17 that we can get up and running and that we
18 can actually get the money, because this is
19 such critical money for our kids.

20 You know, as part of our spending on
21 capital money, the Sanitation Department, you
22 know, hits 89 percent complete projects, but
23 the Parks Department is at 25 percent, so
24 there's a wide variation. So we will work

1 with you and the state legislators to look at
2 ways that we can do contracting. And if
3 there's a way our office can also move things
4 along, we'd be happy to.

5 ASSEMBLYWOMAN ROZIC: Thank you.

6 And thank you, Mr. Chair.

7 CHAIRMAN DeFRANCISCO: To close,
8 Senator Hamilton.

9 SENATOR HAMILTON: Good afternoon,
10 Comptroller Stringer. It's good to see you
11 again.

12 NYC COMPTROLLER STRINGER: It's great
13 to see you up here. Congratulations.

14 SENATOR HAMILTON: Yes, thank you.
15 Thank you so much.

16 I just want to congratulate you for
17 having a progressive staff, being out in the
18 community, hearing the concerns of the
19 community.

20 Your audits have been great. Your
21 audit of NYCHA, and having transparency -- we
22 don't have a lot of transparency with a lot
23 of agencies, and you've brought that,
24 highlighted that with the City of New York.

1 And I also want to thank you for
2 coming to NYCHA, standing in front, defending
3 the residents in NYCHA for the quality of
4 life they should deserve, and doing an audit
5 also on NYCHA, which I'm looking forward to
6 seeing.

7 I just want to talk about the
8 \$7.7 billion shortfall that the city is not
9 getting from the state. It seems that
10 New York City gives more money to the state
11 and more money to the federal government and
12 we're not getting our fair share, which
13 adversely impacts the average person, impacts
14 our schools and our children.

15 And I'm just trying to find out if you
16 had a way to ask us, my colleagues, how they
17 can give some of money back and have some
18 equity as far as taxation, how would you
19 narrate that?

20 NYC COMPTROLLER STRINGER: It's a very
21 good question. First of all, I'm going to
22 actually just get Tim to just flesh out some
23 of this for you real quick. But I do want to
24 say I know you've been in the Senate just for

1 a handful of months, but I've enjoyed working
2 with you.

3 SENATOR HAMILTON: Thank you.

4 NYC COMPTROLLER STRINGER: When you
5 said to me you were interested in NYCHA, I
6 didn't expect you to move into my office,
7 okay? And you really are following up on
8 that, and we're going to do more in your
9 community. But I want to thank you, you've
10 been a real fighter for the community, and I
11 thank you for that.

12 And it's a very good question, and I'm
13 going to just ask Tim, because I know you've
14 all been through many hours, so I don't want
15 to prolong this, and you've got a great next
16 guest. So Tim?

17 MR. MULLIGAN: I think revenue sharing
18 is number one. I think also school aid,
19 delinking an increase from last year to this
20 year, not making that conditional on
21 anything, is a big place to start. And
22 that's before you even take a swing at
23 reducing the sort of see-free {ph.}
24 obligation that overhangs, which is now, you

1 know, \$2.6 billion for FY 2016.

2 There's also a lot of areas in the
3 social service, and there's cuts and cost
4 shifts in the budget now that you need to be
5 concerned about. There's an emergency family
6 homeless shelter cost-shift of 10 percent,
7 which would have an impact of over
8 \$22 million on the city budget.

9 You know, those things happen on an
10 annual basis, and sometimes they're restored
11 and sometimes they're not. But the
12 cumulative impact of that erosion of state
13 support for the social safety net and for
14 other areas of the budget accumulates. And
15 that's really what the fair share report that
16 you saw really does, is accumulates the
17 impact of those years of hard times. And now
18 that better times are here, we're hoping that
19 we can go back and restore some of that
20 support.

21 SENATOR HAMILTON: Yeah, thank you.
22 You made a good point about the social
23 support that we need to have in New York
24 City. With the minimum wage now, and I spoke

1 to the mayor earlier, if you work 40 hours a
2 week, you only bring like \$1300 home a month.
3 You take out taxes, you take out your
4 MetroCard, you're down to a thousand dollars.
5 You haven't bought food yet or clothing.

6 And there seems to be a disconnect
7 between the minimum wage and people being
8 able to live in New York City. Because at
9 \$800 a month you can't really find an
10 apartment, you're living in a room. And
11 living in a room should not be a quality of
12 life anybody should live under. In my
13 section of Brooklyn, you have working people
14 who are living in shelters. They work every
15 day, and they live in shelters. Which to me
16 is unconscionable.

17 If you have a minimum wage, that means
18 you're saying that's the minimum wage you
19 should be able to live on and have a good
20 quality of life. And that minimum-wage
21 quality of life right now in New York City is
22 living in a shelter if you don't have
23 affordable housing.

24 So we have a lot of work ahead of us.

1 I just met with members of the Food Bank -- I
2 left here for a brief minute of time -- and
3 you hear stories of people waiting in line to
4 get food from the food banks three hours in
5 advance. Women who are pregnant, children
6 waiting on line to get food, three hours in
7 advance. And when they get to get the food,
8 there's not enough food there for them to
9 have.

10 So I think we have to change the
11 minimum wage, because it's not really helping
12 us in New York City, especially for people in
13 my community. We had a housing forum last
14 night, we had over 400 people there. And
15 they were talking about being harassed by
16 landlords. And the rent now for a
17 one-bedroom, for a newly built building, is
18 \$2,200 a month. So in the minimum wage
19 you're only getting like \$1380 a month. So
20 we have to find new ways.

21 And I just want to know, is there
22 any -- we have a large pension system in
23 New York City. And I was trying to figure
24 out, can we use some of that pension money to

1 help build affordable housing? Our last
2 stock of vacant land in New York City is
3 going to be built on soon. We do have a
4 large pension fund. We invest in other
5 states for real estate. And I'm just trying
6 to find out, can we be creative for the
7 working poor in New York City?

8 NYC COMPTROLLER STRINGER: Well, I
9 will tell you that, you know, as part of our
10 fiduciary role we do have money for
11 economically targeted investments, and we
12 have a robust affordable housing portfolio,
13 and we work very hard to make those
14 investments in a real estate portfolio.

15 Again, I make this offer to, you know,
16 anybody who wants to come in, wants to learn
17 about the work that we're doing here. I'll
18 continue to issue some economic quarterly
19 reports during the budget process. But if
20 anyone needs our help or a briefing to sort
21 of help flesh out some of the issues
22 impacting New York City, I welcome that to
23 everyone on both sides of the aisle, upstate,
24 downstate, whatever you need from us.

1 But I do want to thank you in
2 particular for just thinking about these
3 issues.

4 SENATOR HAMILTON: Thank you.

5 My last question, Comptroller
6 Stringer, is the STAR exemption.

7 NYC COMPTROLLER STRINGER: What's
8 that?

9 SENATOR HAMILTON: STAR. STAR. Just
10 like a --

11 NYC COMPTROLLER STRINGER: STAR.

12 SENATOR HAMILTON: STAR, yes.

13 NYC COMPTROLLER STRINGER: Yes.

14 SENATOR HAMILTON: Yes. You are a
15 star, but the STAR exemption.

16 So right now they want to eliminate
17 the STAR exemption. And that's basically the
18 safety net for many seniors, homeowners, in
19 New York City and throughout the state. And
20 taking that away, to me, they're the most
21 vulnerable group. You know, they're paying
22 high property taxes, and this is a way for
23 them to stay in their home.

24 So I'm wondering, you mentioned 44,000

1 recipients are being affected by the STAR
2 program. And I'm just trying to find out how
3 many of those would be seniors who are
4 cash-rich in real estate but not in income.
5 So how would that adversely impact the
6 seniors in our community who need that
7 deduction, that exemption to sustain their
8 homes?

9 NYC COMPTROLLER STRINGER: Well,
10 you're right, it impacts -- it impacts the
11 higher-end individual. But I don't have data
12 today to go into that with you. But if you'd
13 like me to take a look, we'll certainly take
14 a look.

15 SENATOR HAMILTON: Okay. Thank you
16 very much.

17 CHAIRMAN FARRELL: Thank you.

18 To close, Ms. Bichotte. One question.

19 ASSEMBLYWOMAN BICHOTTE: Thank you,
20 Mr. Chair.

21 I just wanted to quickly -- I had a
22 question on property tax, but before that I
23 just wanted to quickly comment on the
24 increase of minimum wage. And apparently --

1 you know, we talked about the \$15 and the
2 \$20. But there has been an analysis done,
3 and we don't want to raise too high because
4 we want to keep an equilibrium and a balance
5 out there.

6 But one of the things that I know you
7 understand is the reason why we do want to
8 increase the minimum wage is because
9 increasing the minimum wage increases the
10 Consumer Confidence Index, and that's a big
11 factor when it comes to our economic
12 recovery.

13 So if a consumer has more money they
14 can spend, that will help the business. And
15 the business will produce. And that's a way
16 they will be able to hire more people. So
17 it's a good thing that we increase the
18 minimum wage. I just wanted to make that
19 point.

20 Secondly, the property tax. Our
21 property taxes are always increasing, but
22 many homes, in particular in the minority
23 communities, are devalued. That's an issue.
24 I wanted to know if we legalize a lot of the

1 illegal basements in these homes, how would
2 it affect the overall property tax potential
3 revenue in these communities?

4 NYC COMPTROLLER STRINGER: It's a very
5 good question. And I'm just going to just
6 punt quickly here in the interests of time.

7 But, you know, clearly our property
8 tax assessments -- I'm the former chair of
9 the Real Property Taxation Committee in
10 Albany, so I know a thing or two about it.
11 But it certainly would impact, and this is
12 something that we should talk about. We
13 don't talk about it enough. And happy to
14 have that conversation with you.

15 And I agree with what you're saying
16 about the balance of minimum wage. I don't
17 support -- I guess I'm just going to come out
18 against, today, the DeFrancisco \$20 an hour
19 minimum wage plan.

20 ASSEMBLYWOMAN BICHOTTE: Thank you.

21 CHAIRMAN FARRELL: Thank you.

22 NYC COMPTROLLER STRINGER: Thank you.

23 CHAIRMAN FARRELL: The Honorable Byron
24 Brown, mayor of the City of Buffalo, the

1 11:30 a.m. slot.

2 (Laughter.)

3 MAYOR BROWN: Good afternoon, Chairman
4 Farrell, Chairman DeFrancisco, members of the
5 Legislature. Thank you for the opportunity
6 to address you regarding New York State's
7 2015-2016 budget and its impact on New York
8 State's second largest city, Buffalo,
9 New York.

10 I'm here today with the city's
11 commissioner of administration and finance,
12 Donna Estrich, and it is a pleasure to be
13 with you. Some of you were my former
14 colleagues when I was in the New York State
15 Senate.

16 Let me just say that I have listened
17 to all of the testimony since 11:30. It's
18 been very educational. I'm going to condense
19 mine significantly, because I see, as we look
20 behind me, that just about every mayor in the
21 State of New York is here outside of Mayor de
22 Blasio, who was the first to testify.

23 Since becoming mayor, my focus has
24 been on improving the fiscal outlook of

1 Buffalo, creating a stronger business
2 environment that will attract investment and
3 job creation and establishing a more
4 efficient government.

5 While there are still challenges, our
6 efforts are producing results. For example,
7 since 2006, Buffalo has reduced the
8 residential property tax rate by nearly
9 16 percent and commercial property tax rate
10 cuts are nearly 29 percent. Buffalo created
11 a Rainy Day Fund to provide a financial
12 cushion against unanticipated adverse
13 financial circumstances which is now over
14 \$30 million.

15 Since 2006, Buffalo has not only
16 maintained public services but enhanced
17 public services by implementing a 311 Call
18 and Resolution Center; adding a Citistat
19 Management System, installing GPS in city
20 vehicles, including snowplows and garbage
21 trucks -- and that certainly has been
22 necessary this winter; hiring firefighters
23 and police officers and modernizing the
24 vehicle fleet for both. We've reformed the

1 permitting and licensing processes, resumed
2 parks management after an intermunicipal
3 agreement with our county ended, also resumed
4 management of our cell block after an
5 intermunicipal agreement with the county
6 ended. We've created online payment systems
7 that never existed before, we reduced claims
8 and outside legal fees, and strategically
9 have made capital investments in parks and
10 commercial corridors.

11 Buffalo has pursued strategies to keep
12 future costs down. For example, collective
13 bargaining agreements include the following
14 provisions: Providing conservative annual
15 salary increases; personnel costs have only
16 increased 2.3 percent annually. We've ended
17 retiree health care for all white-collar
18 employees that are coming on to city service
19 now. We've negotiated residency for the fire
20 department. We've increased employee
21 contributions to healthcare. We've increased
22 the length of the work day. We've reduced
23 paid time off. We've created 12 steps for
24 city firefighters. And we've transitioned to

1 self-insured healthcare.

2 We have also increased our recycling
3 rate, retrofitted buildings with energy
4 efficient lighting, imposed a capital budget
5 "debt diet" that since 2006 has reduced our
6 capital spending. We've strategically sold
7 capital bonds only when projects are
8 shovel-ready.

9 These efforts led to the New York
10 State-designated control board overseeing
11 Buffalo's fiscal management to voluntarily
12 reduce oversight of the city's finances by
13 going to advisory status. Running a lean
14 government, while reducing taxes and
15 increasing the quality of life, have yielded
16 growth in Buffalo's tax base.

17 Buffalo is on a path to revival.
18 Currently, there is over \$5 billion in
19 economic development activity underway, which
20 will result in over 12,000 new jobs over the
21 next few years. And for the first time since
22 1950, the City of Buffalo is preparing for
23 population growth, with a new wave of
24 investment and interest returning to downtown

1 Buffalo as a place to live, work, and do
2 business.

3 We are very proud of what we have been
4 able to accomplish. Governor Cuomo and the
5 state Legislature have been true partners,
6 and I thank each and every one of you for
7 your support. And certainly I applaud the
8 focus and dedication that Governor Cuomo is
9 showing Buffalo.

10 This year's budget makes important
11 investments, but I still have some concerns.
12 Buffalo is looking to protect programs that
13 work and add tools that will allow the city
14 to reach its full potential.

15 Since I took office in 2006, Buffalo
16 has gone beyond limiting tax increases and
17 has considerably reduced property taxes.
18 Buffalo's steadfast commitment to making the
19 difficult cuts and decisions necessary to
20 lower taxes, despite increased pension,
21 healthcare, and utility costs beyond its
22 control, have left our city in a precarious
23 position. The city is working to close a
24 significant budget gap for the upcoming

1 fiscal year which threatens our city's
2 ability to continue its growth and commitment
3 to real property tax reductions.

4 The city has explored alternatives to
5 property tax increases, and that is critical
6 to continue the positive momentum, excitement
7 and energy which has been amplified by the
8 Governor's Buffalo Billion, START-UP NY, and
9 other successful development initiatives.
10 The city now needs some assistance to
11 continue its fiscally conservative,
12 real-property-tax-cutting ways.

13 For example, the City of Buffalo is
14 seeking funding to support the development,
15 acquisition, and smart LED retrofit of
16 Buffalo's street lights. With acquisition
17 and retrofitting of these lights, the city
18 will achieve substantial savings through the
19 reduction of energy use and maintenance
20 costs. Enhanced public safety in its
21 commercial corridors will also be achieved.

22 As utility costs continue to increase,
23 the city aims to bring budget certainty and
24 short-term and long-term savings to the

1 taxpayer. Through acquisition and
2 retrofitting, the city will realize:
3 Financial and operational benefits from
4 reduced tariff rates for system ownership and
5 non-metered rates for LEDs; reduced
6 maintenance costs; reduced energy costs;
7 eliminating the use of hazardous materials
8 contained in sodium vapor lamps; improved
9 lighting quality and visibility and enhanced
10 street and park safety.

11 We will also see increased revenue
12 opportunities due to ownership and realtime
13 reporting of energy usage and energy billing
14 and communicating non-operating streetlights
15 for improved response.

16 Let me say I commend the Governor for
17 including funding in this year's budget for a
18 new energy competition that will award up to
19 \$20 million for the most forward-thinking
20 energy projects. The City of Buffalo is in
21 the process of putting together our
22 submission, and we look to be competitive in
23 this process.

24 The city is also examining the cost

1 saving potential on building a public works
2 campus. The campus would house the city's
3 municipal snowplowing, garbage collection,
4 paving, and construction vehicles,
5 administrative offices, animal shelter, and
6 impound lot.

7 The relocation of various divisions
8 into one Department of Public Works campus
9 will allow for an easily accessible one-stop
10 shop for the public to access a variety of
11 DPW services. Consolidating these functions
12 into one facility is expected to reduce
13 maintenance, energy, and staffing costs. The
14 project will ensure government efficiency by
15 providing a single administrative office
16 building for all DPW divisions. The
17 relocation of these divisions will make prime
18 land downtown available for more appropriate
19 uses, resulting in increased economic
20 investment and job creation.

21 I also recommend funding the Restore
22 New York program. This program is vital to
23 Buffalo's economic recovery, and not only
24 will it help Buffalo, but it will help other

1 upstate cities.

2 Although substantial progress has been
3 made, Buffalo still has one of the highest
4 rates of vacant property in the state. This
5 program allowed for the rehab and demolition
6 of hundreds of structures. Funding for the
7 program wasn't included in this year's
8 budget, which may slow Buffalo's neighborhood
9 stabilization and revitalization efforts.
10 The program was funded for about three years
11 and Buffalo was able to secure, through this
12 funding, about \$15 million.

13 The New York Department of State's
14 Brownfield Opportunity Areas Program provides
15 municipalities with significant financial
16 assistance to complete brownfield
17 remediation, and we're asking for this
18 program to be supported. Up to 90 percent of
19 eligible project costs can be reimbursed
20 through the BOA program currently. Through
21 the program, of course, brownfields are
22 transformed from liabilities to community
23 assets that generate business, employment,
24 and revenue for local economies.

1 To date, the City of Buffalo has been
2 awarded four Brownfield Opportunity Area
3 designations. One of those designations
4 located in the South Buffalo area of the city
5 is the site of the new Riverbend Project, the
6 future home of Solar City, which will become
7 the largest solar panel manufacturer in the
8 United States of America and is expected to
9 bring over 3,000 new jobs to Buffalo.
10 Without the BOA program, this project
11 probably never would have happened.

12 The Governor's proposed budget does
13 not include funding for the Brownfield
14 Opportunity Areas Program. Without this
15 important funding, efforts to revitalize
16 brownfield sites will be seriously impacted.
17 I certainly urge you to consider funding the
18 BOA program.

19 The Brownfield Cleanup Program
20 provides valuable tax incentives and
21 liability protections that have successfully
22 encouraged redevelopment of many brownfield
23 sites in Western New York that would have
24 remained vacant otherwise.

1 As a result of its history as a
2 manufacturing hub, the City of Buffalo is
3 saturated with brownfields ripe for
4 redevelopment. In particular, Buffalo's
5 waterfront and inner city have numerous
6 contaminated sites that require significant
7 remediation before they can be repurposed.

8 I support the extension to the
9 Brownfield Cleanup Program provided within
10 Governor Cuomo's budget proposal. I also
11 recommend the following modifications to
12 achieve the program's intent and success:

13 Revise the definition of the
14 "upside-down" requirement to be eligible for
15 the tangible property tax credit within the
16 Brownfield Cleanup Program to reflect the
17 following. An upside-down property should be
18 defined when the cost of investigation and
19 cleanup exceeds the appraised property value,
20 post-remediation.

21 Presently, real estate appraisals do
22 not incorporate environmental conditions in
23 their valuations, which skew appraisals
24 higher than market value, as buyers are more

1 hesitant to purchase brownfield or former
2 brownfield sites.

3 Environmentally impacted properties in
4 upstate New York are valued much lower than
5 similar downstate properties. This is why
6 the Brownfield Cleanup Program must remain an
7 active state program. This is one of the
8 only tools that the private sector can use to
9 make many environmentally-impacted properties
10 economically viable in upstate New York.
11 Without the Brownfield Cleanup Program, many
12 of the developments that are bolstering
13 Buffalo's resurgence may have instead
14 invested in another state.

15 The City of Buffalo forecloses on
16 several thousand tax-delinquent properties
17 each year through its in rem tax foreclosure
18 process, even after giving substantial
19 assistance to homeowners and businesses in
20 retaining their properties. Unfortunately,
21 many properties are transferred from one
22 negligent landlord to another because the
23 city has no preferred bid status at its
24 annual in rem foreclosure auction.

1 Like any other interested party, the
2 city must place the highest bid on a given
3 property in order to purchase it. As a
4 result of the city's inability to step into a
5 position in front of all other bidders to
6 acquire problem properties at the auction,
7 certain neglected properties continue to
8 cycle through ownership by various
9 unscrupulous landlords, who may even be
10 relatives of the delinquent owner who was
11 originally foreclosed upon. This cycle
12 undermines productive reuse of the property
13 and revitalization of the surrounding
14 neighborhood.

15 The city would benefit from being
16 granted the same "super bid" power that land
17 banks have. The Land Bank Act empowers land
18 banks to win a bid by default at a public
19 sale. This proposal would dramatically
20 improve the City of Buffalo's land use
21 planning, management, and development.

22 Given the wide variety of financial
23 needs the City of Buffalo has, I must also
24 request an increase in AIM funding.

1 With budget growth consistently under
2 inflation, a 25 percent reduction in
3 workforce since 2000, and continued sacrifice
4 by our employee unions, Buffalo has already
5 made tough choices and tightened its belt.
6 We continue to do more with less, and have
7 implemented scores of efficiency measures.
8 It is critical for local aid to be increased,
9 so that the city's fiscal recovery is assured
10 into the future.

11 Presently, the city is highly
12 dependent on state aid. The city has very
13 few alternative revenue sources other than
14 the property tax, which I have committed to
15 not raising in order to continue to improve
16 the climate for residential and commercial
17 investment in Buffalo. The City of Buffalo
18 pays almost \$50 million in pension costs, in
19 addition to other costs such as healthcare,
20 utilities, and general maintenance,
21 increasing well beyond the rate of inflation.
22 Persistent zero growth in state aid is
23 endangering Buffalo's hard-earned fiscal
24 stability.

1 Through hard work and careful
2 planning, progress has been made in Buffalo.
3 We have worked to build a foundation for
4 future growth and investment that must not be
5 threatened by the loss of key state funding.

6 The Governor and the State Legislature
7 have been great partners in Buffalo's
8 resurgence. We ask for your continued
9 partnership.

10 I want to thank you for your time, and
11 I wish you continued success in the budget
12 deliberations ahead.

13 Thank you very much.

14 CHAIRMAN FARRELL: Thank you,
15 Mr. Mayor.

16 First questioning, Crystal
17 Peoples-Stokes.

18 ASSEMBLYWOMAN PEOPLES-STOKES: Thank
19 you, Mr. Mayor, for your patience here today.
20 I actually went to about four meetings while
21 you were waiting to have the opportunity to
22 present your budget.

23 MAYOR BROWN: We wouldn't have hit the
24 road at 5:30 if we --

1 ASSEMBLYWOMAN PEOPLES-STOKES: Not
2 today, huh?

3 CHAIRMAN FARRELL: You've done it so
4 many times. You know.

5 MAYOR BROWN: That's true.

6 ASSEMBLYWOMAN PEOPLES-STOKES: A
7 couple of things.

8 I want to congratulate you on what I
9 think is an awesome job that you and many
10 others are doing to turn the City of Buffalo
11 around, and you mentioned and highlighted a
12 few of those areas in your comments.

13 But on the LED lights, you're actually
14 requesting additional dollars to expand the
15 opportunity to put in additional lights?

16 MAYOR BROWN: We're requesting
17 additional dollars for the opportunity to
18 take over the system and convert the system
19 to LED lighting, which over time would
20 produce a substantial savings to the city and
21 to its taxpayers.

22 We estimate that if we were able to
23 take the system and convert the lighting,
24 there would be upwards of \$8 million annually

1 of savings for the City of Buffalo.

2 ASSEMBLYWOMAN PEOPLES-STOKES: And
3 what would be the cost of taking the system?

4 MAYOR BROWN: The cost would be
5 significant. We would propose to do it over
6 time. The cost of taking over the entire
7 system would be about \$80 million.

8 We would do it in phases, in different
9 sections of the city. Our proposal would be
10 to start downtown where there is significant
11 lighting and significant investment, which
12 would produce significant savings, probably
13 in the several-million-dollar range.

14 ASSEMBLYWOMAN PEOPLES-STOKES: Okay.
15 Well, I hope that will be one of the things
16 that you will propose to the Governor in this
17 competition that he's laid out, because as an
18 environmentalist, I understand that we're
19 going to need this earth for a long time. We
20 need to be able to figure out how to see at
21 night and still create an energy-safe
22 environment.

23 Your Public Works Campus -- as you
24 know, that's very close to the

1 state-implemented Michigan Street Heritage
2 Corridor, your Public Works Campus. Where's
3 your new site, or do you have one?

4 MAYOR BROWN: Right now, as you
5 mentioned, we do have an African American
6 Heritage Corridor -- you have been the
7 champion of that corridor in the City of
8 Buffalo -- and currently there is a public
9 works facility adjacent to that corridor
10 where investment is being made and where we
11 have very rich evidence of African American
12 history, Underground Railroad history, jazz
13 history, and other history that is being
14 preserved in our community.

15 We would like to move the Broadway
16 public works facility out of that
17 neighborhood and relocate it into an area
18 that would be more industrial in nature that
19 would not impact the African American
20 Heritage Corridor on Michigan Avenue, but
21 would also not impact any of the other strong
22 residential neighborhoods that we have in the
23 City of Buffalo.

24 We really would prefer not to have

1 garbage trucks and snowplows and other heavy
2 equipment moving in and out of residential
3 neighborhoods or areas that attract tourists.

4 ASSEMBLYWOMAN PEOPLES-STOKES: Well, I
5 could not agree with you more highly on that
6 one. And I assure you that all the members
7 of the Michigan Street Commission will be
8 delighted to hear that there's an effort to
9 begin to move that facility.

10 You didn't say a site, though, because
11 you don't know yet where it's going to go
12 yet.

13 MAYOR BROWN: We're still looking at a
14 number of sites. We haven't determined the
15 site yet, but again, our focus is on a site
16 that would be more industrial in nature and
17 would not be adjacent to a residential
18 neighborhood, to downtown, or to a tourist
19 destination in our city.

20 ASSEMBLYWOMAN PEOPLES-STOKES: Okay.
21 Well, let me again congratulate you on how
22 successful things are going in Buffalo for
23 the economy.

24 But it still is leaving out quite a

1 few people and, you know, a chunk of that has
2 to do with the fact that people just don't
3 make enough money in order to live a good
4 quality of life. And so I'd like to hear
5 your thoughts on increasing the minimum wage,
6 both statewide and with some specific local
7 goals.

8 MAYOR BROWN: There's been a lot of
9 debate here on increasing the minimum wage.
10 I've had the opportunity to testify over the
11 last few years as mayor.

12 While I believe the minimum wage
13 should be increased, my preference would be
14 to see it done nationally. Certainly if not
15 nationally, my preference would be to see it
16 done statewide.

17 I think the Governor's proposal to
18 increase the minimum wage statewide is one
19 that I certainly support, that recognizes the
20 difference in the upstate and downstate
21 economies and the cost of living between
22 upstate and downstate which indexes the
23 increase a little higher downstate. I think
24 that makes a lot of sense.

1 Our concern has always been that
2 Buffalo still isn't strong enough to increase
3 the minimum wage in the city alone. We
4 believe that if we increase the minimum wage
5 in the City of Buffalo only, we would lose
6 business to our surrounding suburban
7 municipalities which we have a good and
8 growing partnership with. But that would
9 still have an adverse impact, we believe, and
10 would cause the loss of business.

11 ASSEMBLYWOMAN PEOPLES-STOKES: Thank
12 you.

13 MAYOR BROWN: Thank you,
14 Assemblywoman.

15 CHAIRMAN FARRELL: Thank you.
16 Senator?

17 CHAIRMAN DeFRANCISCO: Senator
18 Panepinto.

19 SENATOR PANEPINTO: Good afternoon,
20 Mayor. How are you?

21 MAYOR BROWN: I'm good, Senator.

22 SENATOR PANEPINTO: I'd first like to
23 congratulate you on entering your tenth year
24 in office --

1 UNIDENTIFIED MALE: Mic?

2 SENATOR PANEPINTO: There we go.

3 How's that? Is that better?

4 MAYOR BROWN: Yeah, that's better.

5 SENATOR PANEPINTO: All right.

6 Mayor, I want to congratulate you on
7 entering your tenth year in office, and
8 Buffalo has certainly experienced a
9 renaissance under your leadership.

10 I don't want to reinforce our negative
11 image regarding weather and snow, but we have
12 had a rough winter this year. And last year
13 the state provided additional CHIPS funding
14 in the form of bad-weather-recovery dollars.
15 Does the City of Buffalo need that funding
16 for snowplowing again this year, given our
17 weather?

18 MAYOR BROWN: I would think that that
19 funding would be very important to the City
20 of Buffalo, to the City of Rochester, to the
21 City of Albany, to the City of Yonkers, to
22 the City of Syracuse, and many of the other
23 municipalities across the State of New York.

24 The weather has been extreme this year

1 across the Northeast, as we all know.
2 Buffalo right now is probably trending about
3 \$1 million over budget in terms of our
4 snowplowing, removal, and salting efforts in
5 the city. So it's been a very harsh winter,
6 a very tough winter, and a very expensive
7 winter.

8 The impact of that has been very
9 difficult for streets in the City of Buffalo.
10 Those of us who live in Buffalo -- and I'm
11 sure all of my colleague mayors who are
12 here -- have seen potholes open up throughout
13 the streets because of the length of the
14 freeze-thaw cycle that we have been dealing
15 with, and the snowplowing that we have been
16 doing. So we certainly could use additional
17 CHIPS funding in the City of Buffalo.

18 SENATOR PANEPINTO: And, Mayor, just
19 to follow up on --

20 CHAIRMAN DeFRANCISCO: Mayor, your
21 answer is "yes"?

22 MAYOR BROWN: Yes. Yes. Absolutely.
23 Positively.

24 SENATOR PANEPINTO: Thank you,

1 Senator.

2 I wanted to follow up on Assemblywoman
3 Peoples' question regarding the minimum wage.
4 I know you've been a leader in the living
5 wage campaign, and I think you were on the
6 Common Council in the City of Buffalo when
7 the living wage ordinance was passed.

8 Now, I understand that the City of
9 Buffalo is not affluent enough to support an
10 increase in the minimum wage in and of
11 itself. Would you support an increase in the
12 minimum wage that was countywide, in all of
13 Erie County, which would include the suburbs?

14 MAYOR BROWN: I wouldn't be opposed to
15 a regional minimum wage increase that was in
16 the -- was in Erie and Niagara counties, so
17 that there wouldn't be an adverse impact on
18 Erie County versus Niagara County or in the
19 City of Buffalo versus our suburban
20 communities.

21 As you indicated, Senator, I think
22 Buffalo is the only municipality in our
23 region that does have living wage
24 legislation. And so we have been very

1 focused on that, we have been very focused on
2 those individuals that are included in that
3 legislation and making sure that they are
4 paid a living wage. But it doesn't affect
5 the entire community, which I would certainly
6 love to see but don't want to do it if it
7 would result in the loss of businesses and
8 jobs in the City of Buffalo.

9 So regionwide, I would certainly
10 support it.

11 SENATOR PANEPINTO: And just a
12 follow-up on Assemblywoman Peoples' question
13 regarding our DPW facility in Buffalo that's
14 on Broadway. How old is that facility right
15 now?

16 MAYOR BROWN: I don't have the exact
17 age off the top of my head. I don't know if
18 Commissioner Estrich knows.

19 I know that the facility is in dire
20 need of repair. I know that the facility is
21 in proximity to not only a residential
22 neighborhood but also to an emerging tourism
23 destination in our city. We believe that the
24 time is right to try to relocate that

1 facility, and so your support and the support
2 of the Legislature in providing some
3 assistance to us in doing that would be
4 greatly appreciated.

5 SENATOR PANEPINTO: And the total cost
6 of the reconstruction of a DPW or a
7 comprehensive campus is \$40 million, in your
8 other proposal?

9 MAYOR BROWN: That is the estimated
10 cost.

11 SENATOR PANEPINTO: Okay. Thank you.

12 MAYOR BROWN: Thank you, Senator.

13 ASSEMBLYMAN OAKS: Assemblyman Otis.

14 ASSEMBLYMAN OTIS: Welcome, Mr. Mayor.

15 Congratulations for everything you've done
16 for Buffalo. I'm not from Buffalo, but my
17 wife and her family are from Buffalo and
18 outside of Buffalo, and we love your town.

19 MAYOR BROWN: Well, please extend my
20 regards to your family, Assemblyman.

21 ASSEMBLYMAN OTIS: We're big Bills
22 fans, so ...

23 A question about an infrastructure
24 cost, another infrastructure cost. I'm

1 curious, it's really a statewide issue, but
2 how you are dealing with the burden of the
3 Clean Water Act requirements as it relates to
4 pipes, stormwaters, sanitary lines, and what
5 kind of burden is that on your budget in
6 Buffalo?

7 MAYOR BROWN: It is a significant
8 burden. Just recently, in compliance with
9 the Clean Water Act, our sewer authority
10 entered into a \$400 million consent decree
11 agreement with the federal government over a
12 period of about 20 years. So compliance with
13 the Clean Water Act is very expensive for us,
14 as it is to communities all across our state.

15 Infrastructure costs are certainly
16 expensive. We've focused a lot on
17 infrastructure investment during my tenure.
18 Buffalo has probably, over the last 10 years,
19 spent over \$200 million on infrastructure
20 costs throughout the city.

21 ASSEMBLYMAN OTIS: Are you handling
22 that all through borrowing? How are you
23 paying for that?

24 MAYOR BROWN: Some of it is bonding,

1 some of it is federal aid, some of it is
2 state aid, some of it is out of the general
3 city budget.

4 ASSEMBLYMAN OTIS: One of the things
5 that some of us, and I'm a former mayor
6 myself, but that some of the former local
7 officials in the Legislature are pushing for
8 is more state money in the form of grants to
9 help municipalities find a way to finance
10 those projects. So it's good to have your
11 numbers.

12 And it is a big problem. And because
13 EPA and DEC are involved, it's not one that
14 municipalities have a choice about. So thank
15 you for moving ahead on it, and hopefully we
16 can help at our end.

17 MAYOR BROWN: Well, you know, as
18 you've also said, Assemblymember, it is an
19 investment in our community. So responding
20 to the Clean Water Act certainly preserves
21 the integrity of our drinking water. Fixing
22 roads and sidewalks and bridges and curbing
23 throughout the City of Buffalo, we have seen
24 that making those public-sector investments

1 has stimulated significant private-sector
2 investment in job creation in our community.

3 So there is a real return, I believe,
4 not only to the City of Buffalo but to
5 communities all across the state for
6 investing in infrastructure.

7 ASSEMBLYMAN OTIS: Great. Thank you
8 very much.

9 MAYOR BROWN: Thank you.

10 ASSEMBLYMAN OAKS: Assemblywoman
11 Bichotte. Do you have something to -- sorry?

12 CHAIRMAN DeFRANCISCO: Senator
13 Kennedy.

14 SENATOR KENNEDY: Thank you very much.
15 Welcome back, Mayor.

16 MAYOR BROWN: Good to be back.

17 SENATOR KENNEDY: It's always good to
18 see you here and in Buffalo.

19 First of all, thank you very much for
20 everything that you do for the City of
21 Buffalo, for your extraordinary leadership,
22 your commitment, and your vision. In
23 10 years our city has come a long, long way,
24 and the best is yet to come, I truly believe

1 that.

2 And as someone that has grown up in
3 the City of Buffalo and whose great-great-
4 grandparents on both sides of my family have
5 resided in the City of Buffalo all the way,
6 to me, it's exciting times for all of us.

7 And while we've accomplished much with
8 your leadership and really in a collaborative
9 effort, as you mentioned, with every single
10 level of government, we have a lot of work
11 ahead of us. And you clearly articulated
12 your vision last week at the State of the
13 City. Obviously a big piece of the puzzle is
14 repairing some of the decaying infrastructure
15 within the city, and really revamping some of
16 the past -- I hate to call it mistakes, but
17 some of the infrastructure projects that have
18 transpired.

19 For example, the light rail line down
20 Main Street that cut off vehicular traffic,
21 some would argue that that piece of the
22 puzzle wasn't fully implemented and could be
23 referred to as a past mistake --

24 MAYOR BROWN: Yes.

1 SENATOR KENNEDY: -- that you are now
2 righting. And if you could just talk a
3 little bit about that project, the next
4 phases of that project, and how the state can
5 partner to make sure that that project really
6 comes into full fruition.

7 MAYOR BROWN: Well, again, I want to
8 thank the Governor and the members of the
9 Legislature because in our project to return
10 vehicular traffic to Main Street in downtown
11 Buffalo, where we have a light rail rapid
12 transit system, you've been very helpful to
13 that project. The light rail rapid transit
14 system was installed over probably a
15 three-to-five-year period of time in the
16 early '80s in Buffalo, and when that rapid
17 transit system, that train that runs along
18 Main Street and the portion that elevates in
19 downtown Main Street was installed, it
20 essentially killed retail in downtown
21 Buffalo.

22 We have, during my tenure as mayor,
23 been looking to undo what is considered a
24 planning mistake for our community and reopen

1 Main Street where the rail elevates to
2 vehicular traffic. We have been successful
3 in securing federal funds, we received a
4 \$15 million federal TIGER grant, one of the
5 largest such grants in the nation at that
6 time. We received money from the state for
7 that project, we have local city match money
8 into that project, and we've invested now
9 close to \$35 million in opening up three
10 sections of Main Street to vehicular traffic.

11 We have seen with that investment of
12 public dollars -- it has stimulated tens of
13 millions of dollars of investment, at this
14 point probably upwards of \$100 million of
15 investment that has matched the public-sector
16 investment that we have made.

17 To complete the process of reopening
18 Main Street to vehicular traffic will be
19 about another \$45 million. So we certainly
20 are seeking state assistance in that major
21 infrastructure economic development project,
22 because we have seen, as we have made public
23 investment in that project to reopen Main
24 Street, that private-sector investment has

1 followed in about a five-to-one match, which
2 is pretty significant.

3 SENATOR KENNEDY: You took the words
4 out of my mouth. Clearly the private sector
5 is investing heavily along Main Street where
6 you've reopened, and so it just makes sense
7 to continue to reopen Main Street all the way
8 to its foot.

9 A couple of things that you touched on
10 throughout your testimony here. One of them
11 is moving the Broadway Public Works building.
12 First of all, I think it's a great idea.
13 Besides being an historic district and a
14 culturally significant district, it's also a
15 prime piece of real estate that you have
16 right there, right towards the center of
17 downtown Buffalo, the burgeoning corridor
18 with the private-sector development.

19 In my estimation, it makes sense to
20 refer to this as a regional impact that this
21 would have by opening that up for
22 development. Would you agree with that?
23 And, as such, how can the state partner with
24 the various economic development plans that

1 we have as a regional asset?

2 MAYOR BROWN: That is a very powerful
3 point, Senator Kennedy. We're looking at a
4 lot of these projects in the City of Buffalo
5 as having regional impact. We know that
6 since 2012, there is now over \$5 billion of
7 investment in the City of Buffalo which is
8 going to produce over 12,000 new jobs in our
9 community. Those jobs are not only going to
10 be for City of Buffalo residents, but they
11 will provide jobs for people throughout our
12 entire region.

13 And we know that as we invest in these
14 projects in the City of Buffalo, they are
15 producing opportunity for people that live in
16 the entire region. Which is why we are
17 looking to create this public works campus
18 and consolidate into a facility that would be
19 in an industrial area and not detract from a
20 residential community, would not detract from
21 the central business district, and would give
22 us the opportunity to bring in more
23 private-sector investment that will create
24 more employment for the residents of our city

1 and region.

2 SENATOR KENNEDY: Thank you, Mayor.

3 Just one last question. I'll condense
4 a couple of different notes that I've made
5 here.

6 First of all, the brownfield cleanup
7 and development. You've already mentioned
8 that it's making an enormous impact on our
9 city and our entire community. You've
10 already mentioned the Riverbend Project
11 bringing 3,000 jobs into the City of Buffalo,
12 a state-city partnership. There's also the
13 Northland Workforce Development Training
14 facility that you've envisioned and put
15 forward. I'd like to know what we may be
16 able to do in partnership with the City of
17 Buffalo in that regard.

18 And then, finally, I think one thing
19 that has defined your tenure has been your
20 impact and focus on every single neighborhood
21 in the City of Buffalo. There is no area,
22 there is no neighborhood that has been cut
23 out of investment and focus from your
24 administration. And with that, you've

1 touched on it, and I know that you've been a
2 champion, along with the Attorney General, in
3 his initiative for going after these zombie
4 homes, and I know that has a real impact on
5 our community and quality of life.

6 So thank you again for your leadership
7 in that regard and others, and I'll just let
8 you comment on that.

9 MAYOR BROWN: Yeah, just very quickly
10 on that, Governor Cuomo, the Western New York
11 State legislative delegation and the entire
12 Legislature have been very supportive to the
13 City of Buffalo's brownfield cleanup and
14 brownfield remediation efforts. We have,
15 over the years, received significant state
16 assistance to be able to accomplish that.

17 The BOA program, though, is a program
18 that provides a set of resources and a set of
19 tools to augment that, to build on that, and
20 to help to stimulate additional cleanup of
21 old industrial sites. And Buffalo, having a
22 real industrial heritage and legacy, we have
23 a lot of those sites in different parts of
24 the city. And we are fearful that without

1 the Brownfield Opportunity Area program being
2 reauthorized that we will miss opportunities
3 to quickly remediate and redevelop some of
4 these sites that dot the landscape in our
5 city.

6 SENATOR KENNEDY: Thank you.

7 SENATOR KRUEGER: Assembly?

8 CHAIRMAN FARRELL: Thank you.

9 Assemblywoman Bichotte.

10 ASSEMBLYWOMAN BICHOTTE: Hello,
11 Mr. Mayor. How are you?

12 MAYOR BROWN: Hello, Assemblywoman.
13 I'm good, thank you.

14 ASSEMBLYWOMAN BICHOTTE: It's truly a
15 pleasure to be here and really to advocate on
16 the economy of Buffalo.

17 Buffalo is near and dear to me. I
18 spent quite some time there. Buffalo gave me
19 the opportunity to earn three degrees in the
20 SUNY system and also gave me the opportunity
21 to serve as a public school math teacher. So
22 I commend you on taking on the challenge and
23 turning Buffalo's economy.

24 MAYOR BROWN: I just want to say to

1 you that Buffalo is very proud of you and
2 your accomplishments.

3 ASSEMBLYWOMAN BICHOTTE: Thank you.

4 So I have a couple of questions. You
5 know, considering Buffalo, like many other
6 upstate localities, has suffered in the loss
7 of their industrial economies that since then
8 have been replaced with more of a service
9 economy, how are the jobs, the salary of jobs
10 comparable to what was replaced many, many
11 years ago? And have they been adjusted to
12 the rate of inflation?

13 MAYOR BROWN: Well, you know,
14 certainly when you lose industrial jobs,
15 oftentimes service jobs do not supplant the
16 salaries that manufacturing jobs have
17 traditionally paid. We have been working
18 hard -- one of the areas of potential growth
19 in the City of Buffalo is advanced
20 manufacturing, and we have been working very
21 aggressively to help build those companies
22 and to attract new companies that engage in
23 advanced manufacturing and can put people to
24 work in those kinds of positions.

1 Earlier you talked about minority and
2 women-owned businesses. We have been very
3 effective in many of our major economic
4 development projects in the City of Buffalo
5 in negotiating community benefit agreements
6 that require the participation of minority
7 and women-owned businesses, that set goals
8 for minority and female workers, that set
9 goals for area workers. So we have tried to
10 focus on getting those who might be
11 unemployed or underemployed into the
12 workforce in Buffalo. But again, with the
13 loss of manufacturing, the wage level in some
14 of those positions certainly is not as high
15 as a manufacturing wage.

16 ASSEMBLYWOMAN BICHOTTE: Okay. Thank
17 you.

18 On another note, given that Buffalo is
19 a world crossroads with Niagara Falls and
20 Canada, are you leveraging an opportunity to
21 use tourism to boost the economy of Buffalo?
22 What is the plan for that?

23 MAYOR BROWN: We are leveraging the
24 opportunity to partner with other communities

1 in the region, to increase tourism and to
2 create new jobs and to solidify jobs in that
3 sector through the Governor's Regional
4 Economic Development Councils.

5 Our region has worked very
6 aggressively and very collaboratively to
7 build tourism opportunities between Buffalo,
8 Erie County, the City of Niagara Falls, and
9 that natural wonder of the world that we have
10 in our backyard in Niagara County. And we
11 are seeing those investments taking hold.
12 Those investments are making a difference.

13 We also have a unique partnership
14 between Buffalo and New York City, where on
15 March 6th Mayor de Blasio and I will be
16 announcing a tourism promotion agreement
17 between Buffalo and New York City.

18 We know that tourism is an important
19 area of focus for the entire State of
20 New York, it is a job producer for our
21 communities. We've been working very
22 aggressively partnering with other upstate
23 communities, but also partnering with our
24 downstate neighbors as well. And we are very

1 excited about this new partnership to promote
2 tourism between Buffalo and New York City,
3 and I look forward to being with Mayor de
4 Blasio on the 6th to announce that.

5 ASSEMBLYWOMAN BICHOTTE: Thank you so
6 much.

7 MAYOR BROWN: Thank you.

8 CHAIRMAN FARRELL: Thank you.
9 Senator?

10 CHAIRMAN DeFRANCISCO: All right, go
11 ahead.

12 CHAIRMAN FARRELL: Assemblyman Ryan.

13 ASSEMBLYMAN RYAN: Good afternoon,
14 Mr. Mayor.

15 MAYOR BROWN: Good afternoon.

16 ASSEMBLYMAN RYAN: I appreciate your
17 testimony here today, and it's an interesting
18 time to talk about Buffalo because we of
19 course have many bright spots. Our economic
20 future looks great, I believe there's a true
21 renaissance underway. But we're taking small
22 steps, and we have a long way to go still to
23 produce a broad and healthy economy as
24 measured by indicators such as poverty, child

1 poverty, joblessness, homelessness, and
2 economic and racial segregation.

3 So I appreciate that you're bringing
4 concentration to the Restore New York
5 program. And as you know, it's an important
6 program for the City of Buffalo. It was used
7 very well, as was the Block by Block program,
8 the Urban Initiatives program, the Small
9 Projects Initiative program -- all of which
10 were eliminated from the HCR budget between
11 2008 and 2010.

12 I was wondering if you could expand
13 your testimony a little bit to talk about the
14 importance of those programs in a city that
15 is still fighting a vacancy and abandonment
16 problem combined with a legacy of very old
17 housing stock.

18 MAYOR BROWN: Thank you very much,
19 Assemblyman Ryan.

20 When I first starting coming to
21 provide budget testimony, I talked about the
22 high poverty rate in the City of Buffalo, the
23 high child poverty rate, the high vacancy
24 rate -- one of the highest vacancy rates in

1 the entire State of New York, one of the
2 highest vacancy rates in the entire nation.
3 We set certain goals, we've been able to
4 achieve some of those goals, but we still
5 have major challenges.

6 I came here to talk about our goal to
7 demolish over 5,000 vacant structures in
8 Buffalo. I'm proud to report now that we've
9 demolished over 5,700 vacant structures in
10 the City of Buffalo, residential and
11 commercial, some huge industrial structures.
12 And that work over the years has been done at
13 a cost of over \$100 million. Even with that,
14 we still have several hundred structures that
15 require demolition in the City of Buffalo.

16 Restore New York was a program that
17 helped with that, not only in the City of
18 Buffalo but in communities all across the
19 State of New York who are dealing with
20 similar issues. Buffalo was a major
21 beneficiary of it, and we are certainly
22 thankful for that. But I don't believe that
23 the three years that that program was funded,
24 that the Restore New York program was funded,

1 was enough.

2 And I know that not only Buffalo, but
3 peer cities across the State of New York, we
4 could certainly use that program to be
5 reestablished to not only deal with the issue
6 of demolition needs, but also the issue of
7 redevelopment. And we were able to redevelop
8 structures in our downtown but also redevelop
9 structures in our neighborhoods, providing
10 affordable housing for people -- safe, clean,
11 affordable housing, and in some cases being
12 able to provide job opportunities.

13 So we would very much like to advocate
14 strongly for consideration for Restore
15 New York being refunded.

16 ASSEMBLYMAN RYAN: That's good, and
17 I'll join you in the effort to try to bring
18 that back, along with the other funding
19 programs that really helped to revitalize
20 communities. It really was used well in
21 small cities where you could pick four- or
22 five-unit buildings and the state would help
23 you do the rehabilitation. Not just the very
24 large historic tax credits, but some of the

1 smaller programs were really able to get into
2 the neighborhoods.

3 My colleague Mr. Otis mentioned the
4 problems with clean water in cities with
5 aging infrastructures. I'm sure you're
6 familiar with the New York State
7 Environmental Bond Act of 1996 which, I
8 believe, ran out of money in 2008. There was
9 legislation last year and there's legislation
10 again this year asking to put that measure
11 back in front of the voters on a ballot
12 measure to replenish the capital, that
13 capital program. I was wondering if you had
14 thoughts about that, Mr. Mayor.

15 MAYOR BROWN: Well, Buffalo is an old
16 city with an aging infrastructure. Certainly
17 we have major concerns with being able to
18 invest in our municipal water system, and
19 this winter alone, you know, kind of spoke to
20 how old some of our piping is. With the cold
21 that we experienced, a lot of water main
22 breaks all over the City of Buffalo, so we
23 have a lot of investment that we have to make
24 in that regard. And having a program like

1 that re-funded would be very important not
2 only for Buffalo, but again for cities all
3 across the state.

4 ASSEMBLYMAN RYAN: And certainly in
5 the time before your leadership, my time in
6 the Legislature, the federal government used
7 to come in and pay up to 80 percent of
8 building sewer and water systems. And those
9 programs have all but disappeared, really
10 leaving it to only the state to be able to
11 come in and help municipalities rebuild their
12 system.

13 I don't think there's a municipality
14 in New York State, New York City or Buffalo
15 that could foot the bill themselves for
16 rebuilding their sewer systems.

17 MAYOR BROWN: No, there is not any
18 municipality that could afford to do that on
19 its own. Buffalo needs help and the other
20 municipalities in this state need help with
21 that.

22 ASSEMBLYMAN RYAN: Well, thank you
23 very much for your testimony here today,
24 Mr. Mayor.

1 MAYOR BROWN: Thank you.

2 CHAIRMAN DeFRANCISCO: Perfect

3 lead-in. Perfect lead-in.

4 You mentioned infrastructure and
5 broken pipes and all of that. We've got
6 \$5.4 billion, that's with a B, dollars that
7 came from those settlements. What's your
8 opinion as far as what that money should be
9 used for, knowing full well that many of the
10 years you were here and I was here as well,
11 sometimes we used one-shot funds and find a
12 hole in the budget next year, the year after,
13 the year after that.

14 What would your -- what do you think,
15 from your experience here in the Senate and
16 also as mayor, how that money should be used?

17 MAYOR BROWN: Well, you know, again, I
18 am very supportive of the Governor's budget
19 that has been proposed, but when it comes to
20 infrastructure I think there are some
21 strategic investments that we can make all
22 across the State of New York that will
23 stimulate additional investments by the
24 private sector in our communities all across

1 the state that will create additional job
2 opportunities for the residents of New York.
3 So I think infrastructure certainly is an
4 area that should be considered for some of
5 those resources.

6 CHAIRMAN DeFRANCISCO: Okay. And
7 there's something in the budget, I don't
8 know, maybe you're supportive of this part of
9 the budget as well, it's about competition
10 upstate for three pots of \$500 million. I
11 guess seven regions have been selected to
12 compete for this money. Apparently, you've
13 got to find some good ideas to get the money
14 for economic development.

15 What are your thoughts on that?

16 MAYOR BROWN: Well, certainly
17 competition is good. Through the Regional
18 Economic Development Councils, that
19 competitive process I think has helped to
20 stimulate economic development across the
21 state.

22 You know, when you look at the needs
23 of the municipalities across the state -- and
24 I mentioned, when I began, there are

1 colleague mayors here from all across the
2 State of New York -- we all need resources.
3 There's no question about it. And while
4 competition is good, there still is a
5 pressing need for these communities to get
6 resources.

7 CHAIRMAN DeFRANCISCO: All right.
8 Well, this -- these are my thoughts,
9 obviously, not yours. But it just seems to
10 me that to institute a competition among
11 seven areas of upstate to fight for
12 \$500 million -- this has nothing to do with
13 regional economic development -- and Buffalo
14 fortunately was able to compete with no one
15 towards the Buffalo Billion -- that doesn't
16 seem quite fair to me. And I'm not asking
17 you to comment.

18 And it just seems to me that when
19 infrastructure's in common for everybody, and
20 that leads to development, it might give a
21 company the idea to stay in a location or add
22 some jobs because it's more attractive there.
23 It seems that we should be using that
24 one-shot money for an opportunity of a

1 lifetime, and that is to benefit, I think,
2 just regionally, a regionally fair funding
3 formula. And I've got a feeling you would
4 agree with me, except for my premise at the
5 beginning where there was not competition in
6 Western New York.

7 So that's what I'm aiming for. I'm
8 not trying to put you on the spot with the
9 Governor or putting you into a statement that
10 doesn't benefit your area.

11 So welcome back. I'm sure you love
12 visiting as opposed to being here all the
13 time.

14 MAYOR BROWN: Thank you, Senator.

15 CHAIRMAN DeFRANCISCO: From everything
16 I hear, you're doing a wonderful job.

17 MAYOR BROWN: Thank you, sir.

18 CHAIRMAN FARRELL: Thank you very
19 much.

20 We've been joined by Assemblywoman
21 Fahy.

22 ASSEMBLYMAN OAKS: And Assemblyman
23 Friend.

24 CHAIRMAN FARRELL: All right. Any

1 other questions? Hearing no --

2 CHAIRMAN DeFRANCISCO: Senator
3 Krueger, to close.

4 CHAIRMAN FARRELL: Oh.

5 SENATOR KRUEGER: Thank you. Nice to
6 see you, Mayor Brown.

7 MAYOR BROWN: Good to see you, Senator
8 Krueger.

9 SENATOR KRUEGER: One of the things
10 you testified about was your concerns with
11 your in rem program when people fail to pay
12 their property taxes and the city moves past
13 the lien stage to actually take the unit.

14 So just explain to me what change you
15 would need in law to make the program work
16 for you.

17 MAYOR BROWN: Well, Senator, what we
18 focused on is trying to keep people in their
19 properties, first of all, initially. We
20 don't want to see anyone lose their property,
21 certainly -- we don't want to see anyone lose
22 their residential property, we don't want to
23 see people lose their commercial property.
24 So we run a pretty aggressive program with

1 the courts in Buffalo to help keep people in
2 their properties.

3 But there are those property owners
4 that are irresponsible, there are those
5 property owners that are not investing in
6 their property, and we would like to have the
7 super bid power that the Land Bank
8 legislation has created to be able, in a
9 foreclosure process, to get that property
10 secured by the city at the cost of the tax
11 liens that exist, and not have the price of
12 the property bid way up, not to get into a
13 bidding war with others.

14 Oftentimes we have seen in those
15 circumstances that the same irresponsible
16 owner finds a way of flipping that property
17 to a relative or to an associate, and the
18 cycle of disinvestment is continued in our
19 community. So we would like to get the super
20 bid power that the Land Bank legislation
21 creates for the City of Buffalo.

22 SENATOR KRUEGER: And for buildings
23 that are residential, rentals, perhaps
24 multifamily dwellings or, I suppose, smaller

1 buildings, would the City of Buffalo, if it
2 was the buyer, then assure the continued
3 residency rights of the tenants?

4 MAYOR BROWN: What we would do in
5 cases like that is that we certainly would
6 protect the tenants' rights, and we would set
7 certain guidelines to make sure that that
8 property remained affordable and to make sure
9 that tenants were not evicted.

10 But generally in a case like that,
11 where you have a property that is residential
12 in nature, even a multiple dwelling, we try
13 to keep that property in the hands of the
14 owner unless a determination is made that the
15 owner is an irresponsible owner. We don't
16 want to take those kinds of properties, and
17 generally in those cases we would negotiate
18 some kind of repayment agreement that would
19 keep the property in the hands of the owner.

20 SENATOR KRUEGER: Then you were
21 already asked several questions about Clean
22 Water Act issues and infrastructure. So your
23 city, like mine, is on water. And we know
24 that because of climate change there's all

1 kinds of dramatic impacts that can be seen
2 right along waterfronts.

3 Yes, all of these requirements to do
4 infrastructure improvements are costs to us,
5 but has your city been able to do an analysis
6 of what you need to do for sustainability in
7 order to make sure that as the water rises
8 and the temperature patterns change -- and
9 clearly, looking at Buffalo this winter, I
10 sort of feel that it has significant changes
11 already. How are you planning for that?

12 MAYOR BROWN: We have done a major
13 assessment of all of our municipal buildings
14 which include the facilities that house our
15 water systems and the filtration facilities.
16 We have a good sense of what it would cost to
17 do the repairs to all of the municipal
18 buildings. It is a staggering number, even
19 in the City of Buffalo. I think the number
20 for all the municipal buildings, including
21 our water system, is somewhere in the
22 neighborhood of -- do you have that? In the
23 neighborhood of \$200 million.

24 SENATOR KRUEGER: It's safe to say --

1 well, the climate change impacts and what we
2 need to do from a planning perspective to
3 prepare ourselves for that, I think, is just
4 an enormous, enormous set of issues that I
5 think, as a state and as municipalities, we
6 need to get our arms around fast. Because I
7 think your story is probably every major
8 city's story going forward.

9 MAYOR BROWN: You're absolutely right.
10 I would suspect that all of the major cities
11 in the state have similar issues that they're
12 dealing with.

13 SENATOR KRUEGER: Thank you very much.

14 MAYOR BROWN: Thank you very much,
15 Senator.

16 CHAIRMAN FARRELL: Thank you.

17 Senator?

18 CHAIRMAN DeFRANCISCO: We're all set
19 here. I just want to comment that this
20 global warming is killing us, especially this
21 month. It's really bad.

22 CHAIRMAN FARRELL: If you read books
23 from 50 years ago, it was freezing. It's
24 cyclical. But newspapers don't live long

1 enough to know both of them. But anyway --

2 SENATOR KRUEGER: Isn't it nice that,
3 unlike our national government, both parties
4 recognize that climate change is real here in
5 Albany?

6 CHAIRMAN DeFRANCISCO: I don't think
7 that was my point.

8 (Laughter.)

9 CHAIRMAN FARRELL: Oops!
10 Thank you very much.

11 MAYOR BROWN: Thank you, Chairman
12 Farrell, Chairman DeFrancisco, members.
13 Thank you very much.

14 CHAIRMAN FARRELL: Kathy M. Sheehan,
15 mayor, City of Albany.

16 CHAIRMAN DeFRANCISCO: Senator
17 Kennedy, where are you going?

18 SENATOR KENNEDY: I'm going to go
19 vote.

20 (Laughter.)

21 CHAIRMAN FARRELL: Welcome, Mayor.
22 Some of us have to go to a vote. It's
23 nothing personal if we leave.

24 MAYOR SHEEHAN: I won't take it

1 personally.

2 Thank you, Chairman DeFrancisco and
3 Chairman Farrell and members of the Assembly
4 and Senate, and members of the Albany
5 delegation who are here, for inviting me to
6 speak with you.

7 And I also want to acknowledge my
8 fellow mayors who I've had the pleasure of
9 working with over the past year and who are
10 tireless advocates not only for their
11 residents, but for cities across New York
12 State. We share many of the same challenges,
13 and we recognize that by working together we
14 can advocate for an urban agenda that is
15 critically important to the health of our
16 state, our cities, and our entire state.

17 Over the last four years, and again in
18 his 2015 State of the State, Governor Cuomo
19 has prioritized job creation and economic
20 development across the state. He recognizes
21 that to compete in a global economy, we must
22 embrace new approaches to growing existing
23 businesses and attracting new ones.

24 In addition to the innovative economic

1 development programs that currently are
2 underway, I submit to you that economically
3 healthy cities are a critically important
4 component to turning our state's economy
5 around. From 2000 to 2010, the nation's
6 urban population grew faster than the country
7 as a whole, and that pace of growth has
8 accelerated. We live in a time when young
9 people are deciding where they are going to
10 live before they decide what they are going
11 to do.

12 Albany has seen a significant increase
13 in the demand for housing in our downtown,
14 and a recently completed study shows that
15 demand remaining strong for at least the next
16 decade. Our region has seen significant
17 growth in private-sector jobs, and we are
18 poised, together with our fellow upstate
19 cities, to help make New York State the state
20 of choice for both human and economic capital
21 in a world where place matters. It is
22 important that we get this right.

23 I am here to advocate for an
24 investment in our capital city that will

1 serve as a bridge to a sustainable budget in
2 the years ahead. But I am also speaking on
3 behalf of all of the cities who need
4 investment.

5 When I spoke to you last year, I
6 outlined the deficit that I inherited in our
7 city budget, which exceeded \$16 million. I
8 also talked about Albany's unique challenges.
9 Our population almost doubles every day,
10 requiring a city of less than 100,000
11 residents to support an infrastructure for
12 nearly 180,000 people. Nearly 60 percent of
13 all property and 80 percent of our commercial
14 property is tax-exempt.

15 Our homestead/non-homestead tax
16 structure has driven our commercial property
17 taxes to a rate that is 60 percent higher
18 than our immediately surrounding wealthier
19 suburbs. And our homeowners don't fare much
20 better. They own 30 percent of the value of
21 the property in our city, but they pay
22 60 percent of the tax levy.

23 Under the state's AIM funding formula,
24 Albany receives \$128.80 per capita, compared

1 to an average of \$519.73 for the next four
2 largest cities. And that disparity continues
3 through to school aid, with Albany receiving
4 \$6,600 per pupil, compared to an average of
5 \$14,500 per pupil in Buffalo, Rochester and
6 Syracuse.

7 Albany's poverty rate continues to
8 grow and now exceeds 25 percent, and more
9 than 30 percent of our children live in
10 poverty.

11 I do not want my testimony before this
12 esteemed body to become an homage to the
13 movie "Groundhog Day," but I owe it to
14 Albany's property taxpayers to use this
15 opportunity to draw your attention to the
16 disproportionate burden that we bear.

17 If you look at the table that I've
18 provided, Albany residents pay 32 percent of
19 the revenue through property taxes for our
20 city budget, and 48 percent of our school
21 district's budget. That compares to
22 9 percent and 7 percent for Buffalo,
23 11 percent and 18 percent for Rochester, and
24 12 percent and 16 percent for Syracuse.

1 The amount of our city budget and our
2 school budget that is borne by residents who
3 live in some of the poorest census tracts in
4 our region is astounding. And I want to be
5 clear: I am not suggesting that the other
6 cities deserve less aid. That is not what I
7 am here to say. In fact, we are all in a
8 position of need.

9 We are all cities with high
10 concentrations of poverty surrounded by
11 wealthier suburbs, and we are all expected to
12 support infrastructures that serve entire
13 regions. But the numbers cry out for a full
14 and fair overhaul of our state's funding
15 formulas for dispensing AIM and school aid.
16 It is work that is beyond the purview of just
17 one budget cycle, but it must be done. And
18 if it is done, I may never have to come here
19 again asking you for money.

20 But since I am here, I want to share
21 with you what we've accomplished in the last
22 year to reduce the cost of city government.
23 As we prepared our 2015 budget, which was
24 adopted this past December, we faced a

1 \$22 million gap -- a \$16 million deficit that
2 I inherited, plus a \$6 million increase in
3 our health insurance bill and utility costs,
4 and a little bit of that was our operating
5 expenses associated with pensions.

6 Our final budget included \$5 million
7 in recurring operating savings, cuts in
8 health insurance, and more than \$4 million in
9 new revenue, including \$1.5 million in
10 voluntary payments from large not-for-profits
11 located in the city. We stayed within the
12 2 percent tax cap, and because of an
13 adjustment to our homestead/non-homestead
14 formula, we actually reduced taxes for
15 businesses by more than 3 percent.

16 We opened our books to the state's
17 Financial Restructuring Board, and just
18 yesterday we received confirmation that we
19 will receive a \$1.1 million grant to make a
20 long-overdue overhaul and investment in
21 technology that we project will bring an
22 additional \$2 million in annual savings once
23 fully implemented. We also received, and
24 this is important, a \$3.9 million bridge loan

1 to temporarily stabilize our 2015 budget.

2 What that really means is that without
3 these funds, we would not have been able to
4 balance our 2015 budget without taking even
5 more draconian measures.

6 In fact, notwithstanding our budget
7 accomplishments, the 2015 budget depends on
8 \$12 million in one-time revenues in order to
9 remain balanced, the same number that I
10 respectfully requested from you last year.
11 It was a risk to only ask for \$12 million
12 last year, knowing that I faced a much higher
13 deficit, but I was committed to demonstrating
14 that we could do better and that we could
15 find savings and new revenue sources to fill
16 part of the gap ourselves. We did that.

17 The report issued yesterday by the FRB
18 acknowledges Albany's challenges are on the
19 revenue side, and no fundamental operational
20 changes were identified. We will fully
21 implement the FRB's recommendations to create
22 multiyear budgets, which are already
23 underway, and to find cost savings through
24 shared services, which again we are well down

1 the path on both of those initiatives.

2 We would welcome the ability to reduce
3 our insurance costs by increasing employee
4 contributions. All of our employees
5 contribute except for police and fire, which
6 are subject to binding arbitration, and we
7 have not been successful in getting changes
8 for existing employees in police and fire to
9 be contributing towards health insurance.

10 So the gap remains -- \$12 million
11 again. And what would it take to truly
12 transform the fiscal health of Albany? We
13 are crippled by this homestead/non-homestead
14 tax structure that was adopted in 1997. We
15 need to equalize that rate in order to
16 attract commercial development. If we
17 equalized today, businesses would see a
18 significant reduction in their tax rate, but
19 homeowners' bills would go up by 11 percent
20 without adding a single dollar to our city
21 revenue, and we would have the highest tax
22 rate of the big five cities outside of
23 New York City.

24 We would need to reduce our levy by

1 10 percent, about \$5.5 million, in order to
2 equalize our rate, keep homeowners where they
3 are -- but it would result in a significant
4 reduction in property taxes paid by
5 businesses. We would still have higher tax
6 rates than our surrounding wealthy suburbs,
7 but this small investment would greatly
8 accelerate our economic development efforts
9 and help us to grow our tax base.

10 So that's \$12 million to keep the
11 lights on and another \$5.5 million, which we
12 would commit to use to reduce our levy, to
13 start to turn the ship.

14 I know that many mayors across the
15 state are advocating for relief from the 2
16 percent tax cap, but the fiscal reality for
17 Albany is that we can't possibly raise taxes
18 more than 2 percent because we already have
19 such a crushingly high and uncompetitive tax
20 burden. It becomes a death spiral -- the
21 taxes are high, and so people and businesses
22 move out. And it's easy to move out just
23 across the border into our surrounding
24 suburbs, which reduces our tax base and

1 drives up our tax rates. We need to break
2 the cycle.

3 I am committed to growing Albany's tax
4 base and managing our way to a sustainable
5 city budget. But remember, we are home to
6 the state's Capitol and have the largest
7 percentage of tax-exempt property of any of
8 the big five upstate cities.

9 In order to bridge our way to
10 sustainability, we are seeking a commitment
11 of \$12 million per year for five years,
12 accomplished through the creation of either a
13 Capital City Fund or linked to development of
14 the Harriman Campus. This is funding that we
15 need to keep our cops on the street, to fill
16 potholes, and to provide lifesaving EMT
17 services to our residents and the tens of
18 thousands of workers who come here every day.

19 It represents the additional AIM that
20 we would receive if we just received half --
21 half -- of the median AIM paid to the other
22 large cities outside of New York City.

23 We are also seeking reforms to
24 Section 19-A of the public lands law that

1 would extend 19-A payments to building
2 improvements made on land currently owned by
3 the state within the City of Albany. We are
4 proud to be the state's capital, and we
5 believe that an amendment to 19-A will ensure
6 that we have the resources that we need to
7 support growing state infrastructure.

8 Finally, if the state wants to get
9 serious about actually reducing property
10 taxes for our residents and businesses, we
11 need to shift the conversation from property
12 tax caps to property tax cuts. This means
13 linking increases in school aid and other
14 incentives to levy reduction.

15 When you consider the economic impact
16 of \$5.5 million to the City of Albany to
17 reduce its levy, the payback to the state
18 would be significant. This small investment
19 would result in a nearly 24 percent reduction
20 in property taxes for businesses in Albany,
21 bringing their rate to the same rate paid by
22 homeowners, and resulting in additional
23 investment, growth in our base, and new jobs.
24 I realize this is an ambitious ask, but I

1 stand ready to take the plunge and use these
2 new dollars to cut property taxes.

3 Notwithstanding our fiscal challenges,
4 I am optimistic about our future. We are
5 working to connect our residents to jobs in
6 the growing technology sector. Too many in
7 our underserved communities are at risk of
8 being left behind, but thanks to investments
9 and support from the Senate and Assembly, we
10 just opened an ATTAIN lab in our South End,
11 one of our most underserved neighborhoods.

12 There are other initiatives in the
13 budget that will help Albany, including the
14 Homeland Security College investment in
15 Tivoli Park, which is an underserved
16 community, and commitments in the budget to
17 engage in comprehensive marketing for tourism
18 connecting upstate to downstate.

19 And we are also part of the Five
20 Cities Initiative, which recently announced
21 that they will provide funding for a citywide
22 energy manager position that will not only
23 help us to reduce our energy costs but will
24 put us on a path to a greener and brighter

1 future.

2 I'm mindful of time here, because I
3 know that we're running late, so let me just
4 skip to my conclusion because I know that
5 you'll have questions.

6 I hate the term "Tin Cup Day" because
7 it evokes the image of someone who is doing
8 nothing, asking for something that they
9 haven't earned. None of us mayors who come
10 here today fit that description. We are all
11 doing many things to move our cities forward.

12 While we all have economic struggles,
13 we are proud of our cities. We know that
14 they are great places to live and work, we
15 know that they can succeed, and we know we
16 can succeed in getting them to a point of
17 sustainability with the right investment from
18 the state. We are all highly accountable,
19 driven leaders, and the investments we are
20 asking for today and talking about today are
21 just that -- investments in a stronger future
22 for our cities, our regions and our entire
23 state.

24 Thank you.

1 CHAIRMAN DeFRANCISCO: Right on the
2 money, timewise and message.

3 The first questioner is Senator
4 Marchione, the chairman of the Local
5 Government Committee.

6 SENATOR MARCHIONE: Mayor, thanks for
7 being here.

8 One of the concerns that I've heard in
9 my short tenure as the new chairman of Local
10 Government is that cities are struggling with
11 abandoned properties and other properties
12 known as zombie properties. Can you tell me,
13 how is that affecting your city economically?

14 MAYOR SHEEHAN: You know, in Albany
15 it's been very challenging because we are not
16 the foreclosing entity. In Albany County,
17 the county forecloses. So the county makes
18 all of the municipalities whole.

19 And I think what happened in the City
20 of Albany is that we really lost sight of the
21 importance of focusing on vacant properties
22 and zombie properties much sooner, because we
23 were being made whole. But what you saw then
24 was a decline in overall property values as

1 buildings became vacant and abandoned, and
2 the ripple effect of that.

3 So we do have a land bank now in
4 Albany County, and we certainly are advocates
5 of funding for that land bank to ensure that
6 it has the resources that it needs to get
7 these properties back on the tax rolls and
8 back into use as homes, as small businesses,
9 because we have far too many vacant
10 properties in our city.

11 CHAIRMAN DeFRANCISCO: Assemblywoman
12 Fahy.

13 ASSEMBLYWOMAN FAHY: Thank you.

14 Welcome, Mayor, great to see you
15 again. And thank you for, once again,
16 compelling testimony.

17 I know it's -- most here know I'm a
18 resident as well and appreciate your
19 advocacy. Can you just take an extra moment
20 to walk us through a little bit more on the
21 property taxes and exactly how things have
22 become just so out of whack?

23 I almost feel like I'm putting back on
24 my school board hat today. But the school

1 issues -- I have not seen the 48 percent
2 before, but I know that we've always been a
3 standout in terms of the burden on our local
4 property taxpayers. And even though that's
5 improved -- I understand in the last
6 half-dozen years, especially in the last two,
7 that we've been able to make some inroads on
8 that number.

9 But the property tax issue, along with
10 AIM, could you just explain a little more on
11 the history? And it's not just the Big Five,
12 I think we're a bit of a standout in
13 comparison to virtually every small city
14 upstate.

15 MAYOR SHEEHAN: We are a standout
16 statewide for our level of tax-exempt
17 property. And the city just made a
18 determination back in 1997 when they went to
19 full valuation that in order to lessen the
20 impact on homeowners, we would go with two
21 rates, one rate for -- so we were shifting
22 the burden, the tax burden, a higher portion
23 of it onto our commercial properties, with
24 the goal of getting to eventually one rate.

1 And I think unfortunately the reality
2 is that it's difficult to raise taxes on your
3 property owners.

4 Your homeowners, they live here, they
5 vote. And so the city has not done what it
6 needs to do in order to get to that one rate
7 when it's raised taxes. For example, last
8 year, the prior administration increased
9 taxes to the cap of the 2 percent cap and put
10 100 percent of that tax increase on our
11 commercial businesses. So those businesses
12 saw a 7 percent increase in their tax rate.

13 We need to get to one rate. We are so
14 uncompetitive. Someone looking to build
15 apartments in the City of Albany is looking
16 at a tax bill of about \$5,000 per unit per
17 year. They can build that same apartment
18 building just across the line in one of our
19 surrounding suburbs and pay between \$1,800
20 and \$2,000 per unit per year. We are not
21 competitive, and it's a barrier to our
22 ability to attract businesses here.

23 We're PILOTing our way out of it, but
24 we need to get serious about how we

1 structurally change what we're doing so that
2 we stop making these mistakes over and over
3 again.

4 ASSEMBLYWOMAN FAHY: Thank you. I
5 also want to note, for the record -- and I
6 know you don't need to go into the history,
7 but there is a bit of a history as well on
8 the AIM formula, the Aid to Municipalities,
9 in terms of why Albany as well has received a
10 very disproportionate share of those monies
11 in comparison to similar-sized
12 municipalities.

13 But I also want to note, and really
14 commend you for this, that it really does
15 bear repeating that the Fiscal Restructuring
16 Board yesterday, when they met, that they did
17 say -- and commend you -- that the challenges
18 are on the revenue side and not problems with
19 your operational side. And I really do
20 commend you on that.

21 And I don't know if you want to
22 elaborate, but I do think it was kind of a
23 vindication, if you will, on some of the work
24 that you've been doing.

1 MAYOR SHEEHAN: Well, I think that it
2 was a recognition of the work that we did all
3 through last year. We were very serious
4 about cutting our costs and about looking at
5 how we operated the city. And there were
6 difficult decisions that were in that budget;
7 I'm prepared to make more difficult
8 decisions. Once we've invested in
9 technology, we can really be better prepared
10 to make decisions about how we're allocating
11 resources.

12 But we are committed to using taxpayer
13 money responsibly, and the effort that we
14 went through with the restructuring board was
15 to demonstrate there isn't any rock that
16 we're not willing to look under. You know,
17 we certainly are open to suggestions and
18 recommendations, and we have some really
19 exciting things that are going on with the
20 county and with other municipalities on
21 shared services. We're very serious about
22 focusing on sharing services where we can,
23 because taxpayers deserve that, and we're
24 committed to it.

1 ASSEMBLYWOMAN FAHY: Thank you.

2 Thank you, Mr. Chair.

3 CHAIRMAN DeFRANCISCO: Senator

4 Krueger.

5 SENATOR KRUEGER: Hi, Mayor.

6 So Albany gets an incredibly low
7 amount of AIM compared to other cities --
8 except, of course, New York City, where we
9 just zero them out. And you seem to get
10 dramatically less per public school student.
11 Who doesn't like you? Why has it ended up
12 this way?

13 MAYOR SHEEHAN: You know --

14 SENATOR KRUEGER: Why don't you get
15 your fair share on AIM and public school
16 money?

17 MAYOR SHEEHAN: I think that there's a
18 long history there. You know, we're the
19 capital city, I think there's a view that,
20 well, the city has jobs because the state is
21 here. But what has happened over decades is
22 that people can choose to live right outside
23 the city limits.

24 And also, because of redlining,

1 because of focusing the -- the focus on where
2 we concentrate our affordable housing and
3 public housing, it has resulted in a city
4 where our poverty rate has grown, really,
5 under everybody's noses. A lot of people I
6 don't think focused on what was happening
7 here to the City of Albany.

8 So I think that we need to get past
9 that and look to the future. There are so
10 many great things that happen in the city.
11 We love the fact that we're the capital. We
12 love being host to regional attractions and
13 to being the center for people coming here.
14 I mean, it was hard to get into this room
15 because there were lots of people here
16 lobbying today.

17 We want to welcome those visitors, but
18 we need to be able to have the ability to
19 provide the public safety and infrastructure
20 support that's needed for this to truly be
21 the capital city.

22 SENATOR KRUEGER: And I know that the
23 third part of your testimony was the impact
24 of having so much tax-free land because we're

1 the capital. I'm just curious whether you
2 have looked at other state capitals to see
3 how they've addressed that issue, because I'm
4 assuming that that reality must be true
5 throughout state capitals, and whether other
6 states have come up with a model that would
7 work better for you here in Albany than we've
8 been able to come up with.

9 MAYOR SHEEHAN: So one of the
10 unpopular things that I said at a forum a few
11 weeks ago was that in other states where they
12 have elasticity, capital cities have been
13 able to annex and grow their tax base.

14 So Columbus is a really good example.
15 It annexed surrounding suburbs and grew its
16 tax base so that it's far less dependent on
17 the state. It was not a very popular thing
18 to point out -- I was just pointing it out as
19 an example. Other capital cities do receive,
20 you know, capital aid, whether it's called a
21 capital city fund -- but a recognition of its
22 status as the capital city.

23 And the unique thing about Albany is
24 that we're not only home to the state

1 capital, we're home to UAlbany, which is a
2 major university here in this state. We're
3 also home to three major hospitals. Both
4 Albany Med and St. Peter's have grown
5 exponentially, and they are regional centers
6 for healthcare. And so it's not just that
7 we're the state capital, it's that we also
8 are that center for healthcare and for
9 education.

10 SENATOR KRUEGER: Thank you.

11 CHAIRMAN DeFRANCISCO: Assemblymember
12 McDonald.

13 ASSEMBLYMAN McDONALD: Welcome back,
14 Mayor.

15 MAYOR SHEEHAN: Thank you.

16 ASSEMBLYMAN McDONALD: I think it's
17 on. Good.

18 So you made it through your freshman
19 year. You're still here, one piece. You've
20 probably embraced all the models that they
21 expect mayors to embrace, which is to look
22 for more resources. I wouldn't suggest a tin
23 cup, I'd suggest sackcloth -- you can carry
24 more money with that when you come.

1 Amazingly, you've gotten through the
2 presentation without uttering the words that
3 I always use, and others, which is "mandate
4 relief." So we appreciate that, because I
5 think it underscores a problem here in the
6 capital city. It's a revenue issue, plain
7 and simple.

8 You don't have the ability to put in
9 your own personal income tax, nor do I think
10 we would suggest that. And as Senator
11 Krueger mentioned, you know, there are other
12 cities out there that are capital cities that
13 actually have a designated unique category to
14 reflect unique designation, a capital city.

15 So you mentioned in your comments
16 about 19-A money, which is public lands
17 money. And I know that there's been
18 discussions about -- I know Member Fahy and
19 myself and our offices have done some
20 research on what is part of it, what is not.
21 And there are certain parcels -- particularly
22 the East Garage, which many of our employees
23 at the state park in -- that are not, from my
24 understanding, subject to the 19-A money.

1 Do you have an idea what the annual
2 revenue could be if that was treated like
3 other public property in the city? What
4 could it bring to the city?

5 MAYOR SHEEHAN: If the East Garage had
6 been treated as 19-A, it would result in
7 about a half-million dollars in additional
8 revenue to the city. If you went back to
9 when it first opened, that would be about
10 \$5 million to the city.

11 And the reason that the East Garage
12 does not pay us a 19-A payment is it was
13 privately held property, but it was owned by
14 a tax-exempt entity. And so when the state
15 built the East Garage on it, they took the
16 position that because it was not paying taxes
17 at the time that they built the garage, that
18 19-A did not apply.

19 I think that that fails to see the
20 value that we would have seen in that
21 property had it been privately developed and
22 been able to get on the tax rolls.

23 And so when you see the investments
24 that are made by the state, we are unique.

1 It is the unique thing about the City of
2 Albany. This isn't taking one property out
3 of a tax base that is otherwise largely
4 taxable off the tax rolls.

5 So the impact to us is significant,
6 and as the state continues to make
7 investments in the city and bring additional
8 buildings that we know are in the pipeline
9 and that are going on, construction that is
10 going on at the Harriman Campus and with DOT
11 and the Thruway Authority, that again we are
12 expected to support that infrastructure. And
13 I would like to find a way to align our
14 interests with the state so that we have the
15 capacity to continue to provide that level of
16 support.

17 ASSEMBLYMAN McDONALD: Right. Thank
18 you for your work.

19 I know, being a former mayor myself,
20 the vicious cycle that cities truly are in --
21 that taxes are too much to begin with, the
22 capacity allowed by the tax cap doesn't
23 really cover for maybe half a dogcatcher, for
24 lack of a better term. And by the same

1 token, your competition around you is drawing
2 more and more people out of the city.

3 I think it was lucky, in the last
4 census, just to break even in population --
5 maybe a slight burp up. But there's a lot of
6 exciting things going on in the city during
7 your leadership. Let's keep up the good
8 work.

9 MAYOR SHEEHAN: Thank you.

10 CHAIRMAN DeFRANCISCO: Assemblyman
11 Otis to close.

12 ASSEMBLYMAN OTIS: Thank you, Senator.

13 It's nice to be here in your town, and
14 congratulations on your good work as mayor.
15 A question about one kind of infrastructure
16 cost that we're trying to focus on in the
17 budget discussions this year, which is Clean
18 Water Act requirements -- sewer lines,
19 stormwater facilities.

20 What kind of money are you being
21 forced to spend on those needed upgrades now,
22 and how are you finding that money? Are you
23 borrowing it all? And what's the scale of
24 that problem in the next few years for the

1 City of Albany?

2 MAYOR SHEEHAN: We are subject to a
3 consent order. There are seven cities that
4 are part of that consent order. Our water
5 department is actually separate from the
6 city, and it is funded 100 percent through
7 its rates. So it sets its rates, and it
8 collects that revenue. And they have been
9 able to increase their amount of capital
10 investment that they're making this year to
11 \$3 million a year in capital investment.

12 But we do look to grants and to other
13 funding for some of these larger-ticket items
14 that are going to be necessary.

15 We also have tremendous potential if
16 there is going to be additional potential
17 commercial development at the Harriman
18 Campus. We need to make some investments.
19 When you look at the investment that's gone
20 on at SUNY Poly, for example, it has spurred
21 development, but we now need to invest in
22 additional pipes and in additional
23 infrastructure in order to be able to build
24 on that and expand the great activity that is

1 happening there.

2 So, you know, we believe that we have
3 a plan that is going to allow us to comply
4 with that consent order, but we have issues
5 with flooding in the city, we have a number
6 of other issues in the city where we're
7 taking a hard look. And we will be looking
8 at state and federal sources to help to fund
9 that.

10 ASSEMBLYMAN OTIS: Something that some
11 of us are advocating for is to try and
12 provide more grant money from the state to
13 help match the borrowing in local
14 expenditures that municipalities have to make
15 these projects more doable. So thank you for
16 the information, and hopefully we can partner
17 and provide some help.

18 MAYOR SHEEHAN: Thank you.

19 CHAIRMAN DeFRANCISCO: Thank you very
20 much.

21 MAYOR SHEEHAN: Thank you.

22 CHAIRMAN DeFRANCISCO: And thanks for
23 coming to Albany for this hearing.

24 (Laughter.)

1 CHAIRMAN DeFRANCISCO: The next
2 speaker is Mike Spano, mayor of the City of
3 Yonkers.

4 And Shelley Mayer, Assemblymember,
5 just arrived.

6 Whenever you're ready.

7 MAYOR SPANO: All right.

8 Good afternoon, Chairman DeFrancisco,
9 Chairman Denny -- I know he's somewhere, but
10 he'll be back, I'm sure -- members of the --

11 SENATOR KRUEGER: They had votes that
12 they had to go back for.

13 MAYOR SPANO: What's that?

14 CHAIRMAN DeFRANCISCO: They had to go
15 back for some votes.

16 MAYOR SPANO: Oh, okay.

17 CHAIRMAN DeFRANCISCO: But he made
18 sure it was while you were speaking.

19 (Laughter.)

20 MAYOR SPANO: Thank you, Mr. Chairman.

21 Members of the Assembly, members of
22 the Senate -- certainly Assemblywoman Shelley
23 Mayer, who's my Assemblywoman -- and all of
24 you here today. I'm joined also with the

1 members of our finance team, the commissioner
2 for the finance department and our budget
3 director, John Liszewski, and the finance
4 director, John Delaney.

5 The model that governs cities is
6 outdated. The economy has changed and
7 industrial cities will never replace all of
8 the manufacturing jobs that left for states
9 in the South or overseas, and the tax
10 revenues that left with them. I don't need
11 to prove to you that our infrastructure is in
12 dire need of maintenance, repair, or
13 replacement. You know that. So instead,
14 let's talk about what it means.

15 Cities are and have always been the
16 population centers of the country and
17 New York State. Nationally, more than
18 80 percent of Americans live in cities.
19 Nearly half of all New Yorkers live in the
20 Big 5 cities here in New York State. The
21 state's dependent populations by and large
22 live in our cities too. And if you live in
23 poverty, if you are the recipient of
24 safety-net benefits like TANF or food stamps,

1 if you live in public housing, are homeless
2 or a recent immigrant to this country, you
3 are more likely than not to live in one of
4 our big cities.

5 The cost of caring for these
6 populations falls disproportionately on
7 cities, and they are growing. Westchester
8 County's homeless population receives shelter
9 and care in Yonkers, not the surrounding
10 towns and villages. Yonkers makes up
11 20 percent of Westchester's population, but
12 40 percent of all affordable housing is in
13 Yonkers. The poor students in Westchester
14 County attend schools in cities like Yonkers,
15 not in Scarsdale or Bronxville.

16 Yonkers is proud of its economic and
17 ethnic diversity. We are proud of our
18 immigrant past and look forward to our
19 immigrant future. And we proudly accept the
20 responsibility of caring for those in need,
21 but New York State must accept that the
22 financial burden of caring for dependent
23 populations cannot fall on cities alone.

24 I applaud our Governor, I applaud

1 Governor Cuomo's 10-point Opportunity Agenda
2 to combat poverty and fight income inequity
3 in New York. The Governor has proposed
4 meaningful initiatives that, if enacted, have
5 the ability to truly make a difference in the
6 lives of so many New Yorkers, especially
7 those in the cities.

8 I also thank the Governor for his new
9 \$1.5 billion Upstate Economic Revitalization
10 competition and the \$20 million for the Five
11 Cities Energy Plan competition. While some
12 have criticized the Governor's approach in
13 distributing the funding through a
14 competition, I want to say that we're excited
15 about it, and I'm confident that Yonkers will
16 successfully compete against any municipality
17 in the state and in the coming weeks and
18 months we will make the case for being
19 awarded a large share of that funding.

20 But this year, in this budget, the
21 state has an opportunity to make an
22 immediate, positive contribution to cities.
23 It starts with reviving the partnership. A
24 partnership has long existed between New York

1 and its cities. One of the areas that we get
2 that partnership from is in the form of Aid
3 and Incentives for Municipalities program, or
4 AIM aid, as we all know it, which was created
5 to provide relief to municipalities that do
6 not have the tax base to generate revenues on
7 their own because of recession-era budgets,
8 and the partnership has faded.

9 Yonkers has taken a big hit when it
10 comes to AIM funding, and under the Executive
11 Budget AIM is flat once again this year.
12 Let's look at the numbers. AIM is down
13 20 percent, or \$27 million, from 2009. When
14 you adjust for inflation, AIM is actually
15 less today than it was in 2007, even as the
16 cost of everything for the City of Yonkers is
17 increasing -- our health care by 6 percent
18 this year alone, workers' compensation,
19 10 percent, pensions, debt service,
20 infrastructure needs, you name it. Since
21 2008, employee retirement costs have
22 increased by 112 percent, police and fire
23 retirement by 57 percent, and workers'
24 compensation by 90 percent.

1 And with the 2 percent property tax
2 cap, our ability to make up for lost AIM
3 revenues is limited. Under the property tax
4 cap, we collect about \$6 million in
5 additional revenues, not nearly enough to
6 meet the demands of rising costs and the
7 combined city and school district gap of
8 \$77 million.

9 And the truth is, Yonkers residents
10 are already overtaxed. In Yonkers not only
11 do our residents pay property taxes, but they
12 also pay an income tax, the only place
13 outside New York City where that is the case.
14 And you've seen the check-off box on your own
15 tax returns. As a result, the total income
16 and property taxes per capita paid by Yonkers
17 residents is \$703 annually. This compares to
18 per capita property taxes of \$143 for
19 Buffalo, \$177 for Rochester, and \$202 for
20 Syracuse. And that's not to take a shot at,
21 obviously, my sister cities, but just a
22 comparison. So that doesn't even include the
23 sales tax, water and sewer fees, and the real
24 estate transfer tax that Yonkers residents

1 pay.

2 Now, we realize that property values
3 are lower in the upstate cities, and we also
4 know that the incomes and the cost of living
5 are lower. But are these differences four
6 times higher? Because Yonkers residents are
7 paying four times more than the residents of
8 those cities, and when you look at the
9 municipal contribution to education,
10 taxpayers in the City of Yonkers spend more
11 on their schools than the three other big
12 cities combined.

13 So when I came into office, all seven
14 of the city's municipal labor unions were
15 operating under contracts that had been
16 expired for three years, and no money was set
17 aside to settle with our workforce. Today,
18 we've adopted and reached agreements with six
19 unions, but it comes at a cost. It comes at
20 a cost. While our workforce has worked with
21 us and agreed to some concessions that will
22 soften the blow to the taxpayer, the
23 \$9 million in annual retro payments make it
24 almost impossible to keep up.

1 So in the face of inadequate AIM,
2 rising costs, settled contracts and an
3 inability to collect tax revenues sufficient
4 enough to keep up, we are left with two
5 options: cut and borrow.

6 Last year I spoke about push-down
7 economics, the pushing of the burden from the
8 federal level to the state level down to our
9 cities. The push continues, and it's
10 devastating communities all across New York,
11 cities like Yonkers who have to continue to
12 cut to the bone.

13 Mayor Mitch Landrieu of New Orleans
14 summed it up in the National Conference of
15 Mayors last year when he said "Our generals
16 are taking away our weapons, our armor, and
17 our tools, but we're still being asked to
18 fight and win." How can we win when our
19 young people are suffering, sports and
20 enrichment programs are eliminated, and kids
21 are left with nothing to do? How can we win
22 when cuts are hurting our seniors, caseworker
23 positions are cut, and fewer seniors receive
24 the services they need?

1 Mayors are the front line, taking
2 direct fire from the recession-era budgets.
3 As a mayor, I see the impacts of these cuts
4 each and every day. I see the residents who
5 suffer from cuts -- some of the federal cuts
6 to CDBG, which is down 22 percent, or HOME,
7 which is down 50 percent from 2010.

8 I see the impacts cuts have on public
9 safety. When cities cut, our streets become
10 less safe. Take a look at the Yonkers'
11 departmental expenditures -- I know that you
12 will, or at least your staffs will -- and you
13 will find that most of our expenses are for
14 wages, and nearly 70 percent of those wages
15 are for public safety. So a cut in Yonkers
16 means one less cop on the beat, or one less
17 firefighter.

18 I want to say unequivocally that I
19 have tremendous, and I mean that, respect for
20 the work each and every one of you do here in
21 Albany and back in your home districts. And
22 as a former colleague, I had the pleasure of
23 serving with many of you for 20 years.
24 Today, as mayor of Yonkers, I am asking for a

1 renewed partnership and an increase in AIM to
2 allow my city to keep its residents safe,
3 seniors secure, and to provide our young
4 people with the opportunity to choose a
5 better path in life.

6 Over the last four years, the Governor
7 and Legislature have successfully limited the
8 growth in state spending, and Governor Cuomo
9 has once again proposed a budget that limits
10 spending to 2 percent. To be consistent with
11 the 2 percent spending pattern over the last
12 few years, I am asking for a \$10.8 million
13 increase in AIM -- this year's \$108 million
14 proposed allocation plus 2 percent, and an
15 additional 2 percent for each of the last
16 four years, just to keep AIM flat. That's
17 good, right?

18 Last year, as you are well aware, the
19 Governor and the Legislature came to the
20 city's aid -- and I really want to say thank
21 you -- when it was discovered that the
22 Yonkers Board of Education budgeted for
23 \$55 million in state spin-up aid that in fact
24 was not been allocated by the Legislature.

1 It was a revenue stream the district grew to
2 rely on, but no longer existed.

3 In the aftermath of the school
4 district error, and as part of the solution,
5 the city, with your help, consolidated
6 non-academic services with the Board of
7 Education. We were the first city outside of
8 New York City to merge and consolidate with
9 some additional departments. And that came
10 with an additional \$28 million in funding,
11 and we're hoping that that can be replaced to
12 us again this year.

13 The Executive Budget proposes a
14 1.7 percent increase statewide in school aid.
15 And the 1.7 percent equates to about
16 \$4 million, which is not nearly enough to
17 meet our needs. Earlier this month, our
18 superintendent testified that the school
19 district needs an additional \$46 million in
20 funding -- \$28 million to cover the costs of
21 last year, which we just spoke about, that
22 one-shot -- an additional \$18 million to
23 cover the cost to maintain the status quo of
24 what's happening in our schools currently.

1 But the status quo is not good enough
2 for our kids. It's time to finally tackle
3 the issues of poverty in our district and
4 provide Yonkers with the resources necessary
5 to give our students an educational
6 opportunity equal to that of the neighboring
7 school districts -- the neighboring school
8 districts just outside our city's border.

9 Lets talk about poverty and what it
10 means for our students. Our public school
11 students don't grow up in a world of tutors,
12 private sports leagues, cultural activities,
13 and all the other things that middle-class
14 parents take for granted in order to help
15 their children get ahead. When parents are
16 working two jobs or more just to make ends
17 meet, the test of success is making the rent
18 for another month or just putting food on the
19 table.

20 This is the bottom line. If you are a
21 poverty-level student, you are less likely to
22 receive a sufficient education. That means
23 that you're more likely to end up in the
24 criminal justice system. And if you're

1 caught up in the criminal justice system,
2 it's pretty obvious that you're not going to
3 be able to get a good-paying job so that
4 you're able to support your family and help
5 climb out of this cycle of poverty. And the
6 cycle continues.

7 Sixty-three percent of the state's
8 1 million poverty-stricken children live in
9 the Big 5 cities, and a majority of them live
10 in neighborhoods with concentrated poverty,
11 where at least 30 percent of the residents
12 live below the rate of poverty. You'll find
13 these neighborhoods in Yonkers, where in some
14 areas the median household income is \$16,000
15 and 70 percent of households earn less than
16 \$30,000.

17 The funding gap between the poor city
18 districts and the suburban districts is
19 astounding. Today per-pupil spending in
20 Yonkers is about \$22,000. But if you head up
21 Central Avenue, just up the road, into
22 Scarsdale, you will find per-pupil spending
23 is \$30,000. And and it's that way for our
24 neighbors in Bronxville, Eastchester and

1 Ardsley, some of the wealthiest communities
2 in the entire country. Some might say that
3 New York is a state with two school
4 systems -- one for the poor and one for
5 everyone else.

6 Yet the differences in student
7 populations between the cities and suburbs
8 are staggering. Twenty-six percent of
9 school-aged children in Yonkers live below
10 the poverty level. Sixty-six percent of our
11 students are on free or reduced lunch.
12 Eighteen percent of all households in Yonkers
13 receive food stamps.

14 We have an extraordinarily high
15 percent of English language learners; we're
16 the largest outside New York City. And for
17 many of these students, it's not just that
18 they need English instruction, it's that they
19 are coming to Yonkers with no prior formal
20 education. So they have a double obstacle to
21 overcome. These are students whose parents
22 have come to Yonkers in search of the
23 American dream -- but what kind of reality
24 are we providing them?

1 We have a wonderful organization in
2 Yonkers called Yonkers Partners in Education.
3 Recently YPIE, as they are called, issued a
4 study establishing once and for all the
5 connection between poverty and lack of
6 college preparedness. YPIE's study, which
7 was the subject of an editorial in the
8 Journal News, demonstrated beyond a doubt
9 that poverty is the single biggest predictor
10 of academic failure. It suggests that the
11 state needs to identify local districts that
12 outperform their poverty levels and start to
13 learn from those districts.

14 But no school district, not even the
15 best and brightest teachers and
16 administrators, can make headway without the
17 proper tools. And here's a list of some of
18 the challenges that we face in the City of
19 Yonkers.

20 Our aging infrastructure can't keep
21 pace with enrollment --

22 CHAIRMAN DeFRANCISCO: Mike? Mike?

23 Could we please read them ourselves,
24 because we see them right here. And you're

1 beyond your time, and it's 4:15 and we've got
2 a lot of people left.

3 MAYOR SPANO: Okay.

4 CHAIRMAN DeFRANCISCO: If you want to
5 sum up, we could --

6 MAYOR SPANO: Yes, this is a very
7 important part.

8 CHAIRMAN DeFRANCISCO: Okay. All
9 right, all right. Go ahead.

10 MAYOR SPANO: Two pages, if you don't
11 mind, Mr. Chairman. Because I think this
12 educational component is very important.

13 CHAIRMAN DeFRANCISCO: Okay.

14 MAYOR SPANO: You know, Yonkers has
15 the oldest school buildings in the state, and
16 growing enrollment -- and we will be coming
17 back to you for that, because we're going to
18 be asking for some help there. If you look
19 at the extracurricular enrichments, such as
20 music, art and sports, we have one art
21 teacher for every 645 students in Yonkers.
22 And we're at one music teacher for every
23 735 students in Yonkers.

24 Library services. We have eight

1 librarians in the City of Yonkers -- 26,000
2 students, and we have eight librarians,
3 eight. Our classrooms routinely grow beyond
4 30 children per class. And guidance
5 counselors -- you'll love this one -- we have
6 one guidance counselor for every 826
7 students. One guidance counselor for 826
8 students.

9 So Yonkers School District is doing
10 remarkably well considering the lack of
11 resources we receive. Our high school
12 graduation rate is 76 percent, the best of
13 the Big 5 cities. The best. However, when
14 you look at the comparisons of the districts
15 that surround us -- Eastchester, Hastings,
16 Pelham -- you'll see that they're all
17 graduating at 99 percent.

18 So again, we'll be coming back to you,
19 and I hope we can talk some more a little bit
20 about our infrastructure. We have -- we know
21 that you've started -- you've finished a plan
22 for Buffalo to rebuild their schools; there's
23 now plans in place to do Rochester and
24 Syracuse. Yonkers would like to be part of

1 that. Because if we can't get that type of
2 aid from you, we need to know that.

3 While we're more affluent, so we have
4 higher income levels where we are, we're also
5 very close to our property tax levy, our
6 constitutional tax levy. So if Yonkers were
7 to raise its taxes 13 percent, we would be
8 maxed out. And so we would not be able to
9 afford even the debt service to rebuild these
10 schools without the help of the State of
11 New York.

12 With that, again, I want to say thank
13 you, especially to -- I see Senator Cousins
14 is here, Assemblywoman Shelley Mayer.
15 Because last year we came to you with a
16 crisis, you were there for us, you helped us,
17 we made changes. The Governor wanted us to
18 make changes to the district, we did, those
19 changes have been positive, and we've been
20 able to operate our city in a much more
21 efficient way.

22 We're still not out of the woods yet,
23 though. We still have a lot more work to do.
24 And I know that you guys would like me to

1 speed it up, so I'm going to just end it
2 there and take questions.

3 CHAIRMAN FARRELL: Questions?
4 Shelley?

5 ASSEMBLYWOMAN MAYER: Well, Mr. Mayor.
6 The first question is you've negotiated, I
7 think you said, six of the seven contracts --
8 I believe that's right -- of the major
9 public-sector unions. What is the cost of
10 the contracts you have negotiated with
11 respect to retroactive monies that might be
12 owed under the contracts?

13 MAYOR SPANO: I'll let one of the
14 Johns answer, but before I do that, let me
15 just interject something. As you know, we
16 support -- I support Triborough. And that's
17 always a challenge for any administration.
18 Our contracts are very rich contracts by
19 comparison to the communities around us. But
20 these are contracts that were negotiated by
21 prior administrations, and it took a lot --
22 there was a lot of battling back and forth in
23 order for us to get these contracts solved.
24 My contracts, when I came into office

1 as mayor, the contracts on the municipal side
2 were all three years back, and then solving
3 them this year they're all three years
4 forward. Which makes six years back, right?
5 And of course that required us to try and get
6 our labor leaders to come to the table and to
7 give us something back. What we did was we
8 went and we worked with each and every one of
9 them individually.

10 For instance, we recently did the fire
11 department. Now, while they got 2 percent
12 raises on 10-year contracts going back and
13 moving forward, on average we lowered the
14 starting salary down from \$70,000 to \$50,000.
15 We were able to eliminate or curtail a very
16 generous, for the employee, sick incentive,
17 which cost the taxpayers quite a bit of
18 money.

19 There were other areas that we were
20 able to get our labor leaders to give back.
21 We made some changes to the 207 policy
22 locally, not statewide but locally.

23 We did the same thing with the police
24 department. We were able to lower starting

1 salary, lengthen the term -- we were also
2 doing that with the Teamsters in our DPW. We
3 were able to lower their starting salaries
4 but also get them to pay 10 to 20 percent
5 into their healthcare. So we got healthcare
6 costs and we were able to get the unions to
7 agree to pay more into the healthcare costs.
8 As a matter of fact, our Teamster contract,
9 they doubled their payments to the healthcare
10 cost for incumbents.

11 So, you know, these costs are
12 expensive for us, but moving forward, we
13 should get some relief.

14 So with that, who wants to answer the
15 question?

16 YONKERS BUDGET DIR. DELANEY: Okay, so
17 I'm looking forward, and I would say that we
18 already have an agreement with the
19 firefighters, Local 628, and I would assume
20 the UFOA would follow.

21 At that point, next year, for
22 2015-2016 the total cost, compared to a
23 couple years ago without that, those raises
24 would be \$38 million more in 2015-2016, of

1 which \$9 million would be for retroactive
2 payments. And the retroactive payments will
3 go for four years, so though 2018-2019.

4 ASSEMBLYWOMAN MAYER: Is that for all
5 the public-sector unions that you've
6 negotiated, 38 plus nine?

7 YONKERS BUDGET DIR. DELANEY: No,
8 excuse me. Of the \$38 million total cost,
9 additional cost, compared to if we hadn't
10 settled, \$9 million of that would be for
11 retroactive payments. And so the difference
12 would be at, what, about 29.

13 ASSEMBLYWOMAN MAYER: Okay. And that
14 does cover all the contracts you mentioned.

15 YONKERS BUDGET DIR. DELANEY: Right.
16 Because --

17 ASSEMBLYWOMAN MAYER: Understood.

18 YONKERS BUDGET DIR. DELANEY: Yeah.
19 So I'm already looking ahead since --

20 ASSEMBLYWOMAN MAYER: Well, it's
21 relevant to the request for AIM. So I think
22 to the extent, you know, we're very
23 supportive -- at least I am -- that you've
24 reached these agreements, but it's one of the

1 reasons we need to get more AIM, is to
2 address the fact that you've successfully
3 reached resolution on some of them.

4 The second question is, on the city
5 side, what is the reserves that the city
6 currently has, how much in the reserves?

7 YONKERS BUDGET DIR. DELANEY: Total
8 reserves are \$74 million, of which
9 \$38 million are unassigned.

10 ASSEMBLYWOMAN MAYER: Thirty-eight
11 million are unassigned, okay.

12 I know you're familiar, Mr. Mayor,
13 that the superintendent came and testified
14 and requested \$89 million to get to a point
15 where he felt that the schools in Yonkers
16 would be comparable to what they should be.
17 You didn't give a number in your testimony, I
18 notice, on the school side. And I wondered,
19 what is your position with respect to the
20 \$89 million?

21 MAYOR SPANO: The reason I -- I very
22 specifically didn't give a number because I
23 figured I know what you guys go through every
24 year. I also know that when we come up here

1 and we tell you the sky is falling, some of
2 you sit back and you yawn and you say, Oh,
3 here goes Yonkers again.

4 But really what's happened, Yonkers is
5 the only big city outside New York City that
6 continues to grow. And as we grow and we
7 have to make decisions, the decisions -- and
8 don't forget, let's go back to the
9 recession-era budgets where we were pretty
10 much stagnant for both city aid and state
11 aid. It was having a devastating effect when
12 you take into account that the district was
13 growing and was continuing to grow in leaps
14 and bounds.

15 And so when that happened, well, what
16 happens? You know, what do you cut? The
17 mayor of Rochester once said, rightly, you
18 experience -- you know, there's social
19 bankruptcy before you go through real
20 bankruptcy. Right? So some of the things
21 that you're talking about, what got cut? The
22 Board of Education. Music, art, sports, JV,
23 varsity -- gone.

24 And so, you know, you have -- already

1 you have a district where our kids are really
2 having a tough time, but yet they don't even
3 have some of the things that some of the
4 surrounding districts, the people in the
5 communities that surround our city, they
6 don't have some of the same programs that
7 they have. And they're very basic programs.
8 Like I said, they have music, they have art,
9 they have the ability to play sports, to play
10 on a team. I mean, that's so great for a
11 young person's development.

12 And because of the budgets the way
13 they were, and the way the city has operated
14 in the past, we're still paying for some of
15 the sins of past administrations. And we're
16 trying to right the ship, but we can't do
17 that overnight.

18 So when the superintendent came up
19 here and he pointed to an 80-some-odd-
20 million-dollar budget, he basically said to
21 you, Legislators, if you give me this amount
22 of money, then I'll be able to offer the same
23 type of education that the kids are getting
24 in maybe New Rochelle. Or, you know, some of

1 the -- Minertia {ph} or White Plains. Not
2 necessarily in Scarsdale or Hastings, because
3 like we all know, they're some of the most
4 affluent communities in all of America, but
5 at least in some of the cities that are right
6 next to us.

7 ASSEMBLYWOMAN MAYER: Mr. Chairman, my
8 time is up, but I may have more.

9 CHAIRMAN FARRELL: Thank you.
10 Senator?

11 SENATOR STEWART-COUSINS: I would cede
12 some of my time to the Assemblywoman if --

13 ASSEMBLYWOMAN MAYER: Oh, Andrea's
14 giving me my time. Thank you. Thank you,
15 Senator.

16 The current income tax rate, you
17 referenced it previously, the current Yonkers
18 personal income tax rate, what is the current
19 rate on income?

20 YONKERS BUDGET DIR. DELANEY: It's 16
21 and three-quarters. It was 15 percent, now
22 it's up to 16 and three-quarters.

23 ASSEMBLYWOMAN MAYER: Over the past
24 five years, what has been the increase? I

1 know the increase in the last year, I
2 remember that.

3 YONKERS BUDGET DIR. DELANEY: Yeah.
4 I'm new, but I guess it was 10 percent and
5 then 15?

6 FINANCE CMR. LISZEWSKI: Fifteen,
7 right. It's been 15 for the last five years.

8 ASSEMBLYWOMAN MAYER: Okay.

9 MAYOR SPANO: We only increased --
10 what'd we do? We did one increase.

11 FINANCE CMR. LISZEWSKI: One and a
12 quarter.

13 MAYOR SPANO: Right. Okay. Yeah.

14 ASSEMBLYWOMAN MAYER: You increased it
15 one -- it increased one time --

16 MAYOR SPANO: It was increased before
17 we got here.

18 YONKERS BUDGET DIR. DELANEY: Right.

19 ASSEMBLYWOMAN MAYER: Yes, I
20 understand.

21 Of the current city revenues that you
22 take in by virtue of income tax, property
23 tax, what percentage of those revenues are
24 assigned to the Yonkers public schools? Not

1 the total pot of money the city has, but of
2 revenue that you take in.

3 YONKERS BUDGET DIR. DELANEY: Well,
4 the way we look at it, we look at the
5 property tax, the \$335 million, of which
6 \$234 million goes to the Yonkers public
7 schools.

8 ASSEMBLYWOMAN MAYER: Excuse me,
9 335 property tax --

10 YONKERS BUDGET DIR. DELANEY: Right.

11 ASSEMBLYWOMAN MAYER: And 234 goes to
12 the schools?

13 YONKERS BUDGET DIR. DELANEY: Right.
14 In this current fiscal year.

15 ASSEMBLYWOMAN MAYER: And what about
16 the personal income tax? I know it goes to
17 the state and then --

18 YONKERS BUDGET DIR. DELANEY: No. So
19 that -- you know, that's just the way that
20 we're looking at the property tax. The other
21 taxes stay with the city.

22 ASSEMBLYWOMAN MAYER: Okay. So what
23 are the revenues other than the property tax,
24 335?

1 million of expense, so ...

2 ASSEMBLYWOMAN MAYER: Okay. And I
3 think my last question was on the
4 constitutional tax limit. I think you
5 referenced, Mr. Mayor, that we had like a
6 13 percent left to get up to our
7 constitutional taxing limit, is that correct?

8 MAYOR SPANO: Yes.

9 FINANCE CMR. LISZEWSKI: Which is
10 about \$34 million.

11 ASSEMBLYWOMAN MAYER: That would equal
12 about \$34 million if we were to go up to the
13 constitutional tax limit?

14 FINANCE CMR. LISZEWSKI: Correct.

15 ASSEMBLYWOMAN MAYER: Okay. Thank
16 you, Mr. Chairman. Thank you, Mr. Mayor.

17 MAYOR SPANO: Thank you,
18 Assemblywoman.

19 CHAIRMAN FARRELL: Assemblyman Otis.

20 ASSEMBLYMAN OTIS: Mr. Mayor, nice to
21 see you.

22 The question that I'm asking your
23 colleagues is about Clean Water Act
24 infrastructure, and what kind of costs you

1 have in Yonkers to do sewer pipes, stormwater
2 pipes. And are you dealing with EPA --

3 MAYOR SPANO: We, as you know --

4 ASSEMBLYMAN OTIS: -- DEC? And how
5 are you paying for it?

6 MAYOR SPANO: We're under a consent
7 order. And we're trying to get through that
8 because, as you know, we would have to spend
9 another \$34 million just to kind of get us in
10 compliance.

11 But that doesn't deal with the fact
12 that there are a large number of residents
13 who actually have to do some of their own
14 work on their own. So we're trying to see
15 where we can find a middle ground to help
16 them out and also get us in compliance. And
17 I know that our staff, Deputy Mayor Sue Gerry
18 is leading the charge working with the state
19 to try and come up with a remedy that works
20 for us.

21 Because as you can imagine -- the city
22 council passed \$40 million in deficit bonds
23 yesterday. So, you know, for us to go back
24 to the bond market when we have an aging

1 infrastructure to deal with and all the other
2 needs that the city has, at this point, it's
3 almost -- it's virtually impossible.

4 And like I said, every time we
5 raise -- if we borrow \$30 million, you know,
6 that's 1 percent on the property taxes.

7 FINANCE CMR. LISZEWSKI: One --

8 MAYOR SPANO: Every \$30 million?

9 FINANCE CMR. LISZEWSKI: 3.35 million,
10 10 percent.

11 MAYOR SPANO: Yeah. Yeah. So, you
12 know, we're getting close. We're getting
13 close to maxing out the credit card. And we
14 obviously don't want that to happen.

15 So we're trying to come up with
16 something that -- where we can fulfill our
17 obligation, because we know we should, we
18 need to, and the federal government is
19 working with us.

20 ASSEMBLYMAN OTIS: We're trying to see
21 if we can find some more state grant money to
22 help be part of that pie for municipalities,
23 which we think would be very helpful.

24 You have a good person in Sue Gerry on

1 this particular topic, because she knows how
2 a lot of this works in dealing with these
3 kinds of environmental consent decrees. So
4 you could not be better served.

5 MAYOR SPANO: Thank you. You know, we
6 can appreciate that, but certainly that
7 additional funding would help us out as well.

8 ASSEMBLYMAN OTIS: Thank you.

9 CHAIRMAN DeFRANCISCO: Senator --

10 CHAIRMAN FARRELL: Senator --

11 CHAIRMAN DeFRANCISCO: Minority Leader
12 Stewart-Cousins to close.

13 SENATOR STEWART-COUSINS: Thank you
14 very much, Senator DeFrancisco.

15 And I wanted of course to thank the
16 mayor and the staff who have come to present
17 the needs of Yonkers.

18 We did have an opportunity to hear the
19 superintendent, and he made the point also in
20 terms of not only the infrastructure needs of
21 the schools but the lack of some of the
22 basics, whether it's math, arts, and so on.
23 I'm not sure, and I just want to make sure --
24 you asked for an increase in AIM funding, and

1 I know that that we were talking about the
2 components of our revenue sources, but did
3 you put a dollar figure on how much?

4 MAYOR SPANO: We asked for 10-point --

5 SENATOR STEWART-COUSINS: Just
6 anything?

7 MAYOR SPANO: We just took a shot. We
8 took a stab. We figured if we --

9 SENATOR STEWART-COUSINS: Don't smile
10 when you're doing that. Be serious.

11 MAYOR SPANO: We figured, if we stick
12 with 2 percent increases, that we'd be at
13 \$10.8 million.

14 SENATOR STEWART-COUSINS: Okay. So at
15 least a 2 percent would be helpful in terms
16 of --

17 MAYOR SPANO: Yeah, that would be
18 consistent with the Governor's 2 percent
19 growth. So it's not to exceed that.

20 SENATOR STEWART-COUSINS: Gotcha.
21 Gotcha. Because there has not been an
22 increase in any funding for --

23 MAYOR SPANO: That's right. And
24 that's been a real burden for us. Because

1 again, even if we're doing everything we can,
2 trying to come up with additional revenues,
3 we're trying to solve the labor contracts,
4 which is a real challenge. Especially with
5 some of the issues that we deal with.

6 To get it all together, again, we're
7 paying for the sins of the past. The city's
8 doing well, the city's starting to grow, our
9 revenues are up across the board, and that's
10 a good thing for us because economically
11 we're moving in the right direction. But the
12 problem is our costs are still climbing at a
13 much faster rate than we can afford to keep
14 up with.

15 So that's -- thanks for the help.

16 SENATOR STEWART-COUSINS: And I do
17 want to commend you in terms of the economic
18 development and growth that's happening in
19 the city. So that I know that there's good
20 things in terms of attracting businesses and
21 sort of building the economy.

22 You also mentioned the \$28 million,
23 and you were hoping that that would be --

24 MAYOR SPANO: Yeah, last year when

1 Yonkers had that --

2 SENATOR STEWART-COUSINS: Right.

3 MAYOR SPANO: -- budget mishap with
4 the Board of Education, the Governor made
5 available to us a discretionary \$28 million.
6 We're going to be working with the
7 administration to see if we would -- and we'd
8 love to get your help -- to see if we can get
9 that money put back again to help us to get
10 through. They're still going through the
11 crisis of what happened last year --

12 SENATOR STEWART-COUSINS: Right.

13 MAYOR SPANO: -- and that would really
14 help us get through the current problems.

15 SENATOR STEWART-COUSINS: Okay. So it
16 sounds -- all right. Well, I do again
17 appreciate your testimony and your time and
18 also the fact that there is an ongoing
19 dialogue with the delegation of both, you
20 know, here in Albany as well as back in
21 Yonkers. So we will continue to try and be
22 helpful.

23 MAYOR SPANO: You know, again, I try
24 to be realistic. I know the pressures you're

1 under. I've lived this with you and, you
2 know, you have all been a great partner with
3 Yonkers, and I'd just like to keep that
4 partnership going. I think there's some
5 areas that you could be very helpful to us.

6 And I think that in time we'll grow
7 out of this, we'll grow out of the problems,
8 and we can do it on our own. And that's the
9 way we want to do it. We don't want to do it
10 with a control board, we don't want to have
11 someone else coming in and taking over the
12 city. What we'd rather do is be strong
13 enough to take the responsibilities on our
14 own. And we've been doing that, in a very
15 bipartisan way, back at home. And
16 everybody's been responsible. But it's still
17 a very difficult time, and we'll get through
18 it with your help.

19 SENATOR STEWART-COUSINS: Thank you,
20 Mayor.

21 CHAIRMAN FARRELL: Thank you very
22 much.

23 MAYOR SPANO: Thank you, Mr. Chairman.

24 CHAIRMAN FARRELL: City of Rochester,

1 the Honorable Lovely Warren, mayor. Is she
2 available?

3 After Ms. Warren is Stephanie Miner
4 from Syracuse, and then Melissa
5 Mark-Viverito, speaker of the New York
6 Council. Will you come down to the lower
7 level so we don't have that walk? Thank you.

8 Mayor?

9 MAYOR WARREN: Good afternoon.

10 CHAIRMAN FARRELL: Somebody called and
11 said you might not be here.

12 MAYOR WARREN: Good afternoon.

13 CHAIRMAN FARRELL: Good afternoon.

14 CHAIRMAN DeFRANCISCO: Good afternoon.

15 MAYOR WARREN: Good afternoon,
16 Chairman DeFrancisco, Chairman Farrell,
17 members of the Ways and Means and Finance
18 Committees, other members of the Senate and
19 Assembly.

20 Thank you for this opportunity to
21 address this panel on behalf of the people of
22 Rochester, a proud and resilient people whose
23 opportunities unfortunately are increasingly
24 tied to the paradigm of the zip code in which

1 they live.

2 I have made it my mission to improve
3 the outlook for all of Rochester residents,
4 some who are locked in a world where there
5 are few job opportunities, unsafe
6 neighborhoods and failing schools.
7 Therein lie my priorities: More jobs, safer
8 neighborhoods, and better schools.

9 In order to accomplish those
10 priorities, we need and appreciate the
11 state's help. The independent and strong
12 Rochester that you all know and think of --
13 the Rochester of Kodak, the Rochester of
14 Xerox, the Rochester of Bausch and Lomb -- is
15 not the Rochester that we see today, and it
16 is not the Rochester that we will see in the
17 future.

18 Ours is not a unique story. We see
19 the same story playing out all over the
20 country, cities with strong industrial bases
21 experiencing population decline as jobs
22 disappear. We endure rising concentrations
23 of poverty and declining neighborhoods. We
24 see generations of children condemned to

1 underperforming schools -- and these problems
2 continue to become worse, not better.

3 Rochester's poverty rate is almost
4 33 percent, the fifth-highest in the country.
5 The poverty rate for women is 34.9 percent.
6 And Rochester is third in the nation for
7 children living in poverty.

8 So what do we do about this? I am
9 asking you to join me in addressing this
10 problem differently. I've decided that I'm
11 not going to sit here and give you lengthy
12 testimony about topics you already know about
13 and ask you things that many of the mayors
14 before me have already asked for, because we
15 are all in the same boat trying to get to a
16 common destination -- a place where our
17 residents know and feel that they can achieve
18 the American dream.

19 In response, on behalf of the citizens
20 of Rochester, I'm asking the state
21 Legislature to do three things. One,
22 increase the aid to municipalities for
23 Rochester. Last year this body gave us an
24 additional \$6 million in unrestricted aid,

1 and we thank you for that. It is my goal to
2 get Rochester to a position where our need
3 for help from the state becomes less and
4 less.

5 However, we are not there yet.
6 Specifically, we are asking for a total AIM
7 allotment in the amount of \$119.1 million.
8 This includes a one-time large increase of
9 \$31 million. This amount would match the
10 state's mandated maintenance of effort
11 payment to the school district. The increase
12 to be maintained year after year would help
13 us in our fight to eliminate our structural
14 deficit.

15 If that is not possible, we urge you
16 to develop a uniform approach to AIM aid. It
17 is imperative that the unrestricted aid to
18 municipalities be allocated equitably on a
19 per-capita basis, and it must take into
20 consideration such factors as poverty,
21 population, and unemployment.

22 If you increase our AIM aid this year
23 and maintain it at a \$119.1 million level, I
24 can assure you that next year the City of

1 Rochester's financial position will be
2 stronger and my testimony to you will be a
3 lot different.

4 Number two, I am proposing a JOBS
5 initiative. JOBS stands for Job
6 Opportunities Bring Success. This initiative
7 invests in improvement of existing municipal
8 infrastructure to increase tourism as well as
9 the creation of a market driven co-op. These
10 co-ops are an innovative model from Cleveland
11 that are producing jobs and changing
12 neighborhoods.

13 We are seeking \$138.5 million to fund
14 capital improvements in municipal
15 infrastructure that would grow our arts and
16 tourism industry. As you can see in your
17 packets, this investment will create 1,380
18 permanent and construction jobs. And as I
19 said in my State of the City address, it just
20 takes one living wage job to break the cycle
21 of poverty for a family.

22 But we can't address our age-old
23 problems without 21st-century solutions. As
24 part of my JOBS initiative, I am proposing

1 fund the Brownfield Opportunity Area Program.
2 The re-funding of this program in this year's
3 budget is essential for Rochester to continue
4 its successes in this area. Our
5 neighborhoods face brownfield legacies that
6 will require continued BOA funding in order
7 to set the stage for private investment,
8 cleanup, and redevelopment.

9 I assure this Legislature that if you
10 do the following three things this year, you
11 can be the catalyst that changes our city for
12 the future: AIM aid, the JOBS initiative,
13 and environmental remediation. All three are
14 within your power.

15 And although those three things are
16 specific to Rochester, I also want it to be
17 noted that I support the Governor's
18 Opportunity Agenda as it pertains to his
19 creation of a Rochester Anti-Poverty Task
20 Force, education reform, public safety
21 efforts, and economic development strategies.

22 As I stated earlier, Rochester is
23 third in the nation for childhood poverty and
24 first in this state. The Governor's proposed

1 Anti-Poverty Task Force and Upstate
2 Revitalization Fund will help us execute the
3 systematic and institutional changes needed
4 to place our families on a stairway out of
5 poverty.

6 I am pleased that the Governor has
7 proposed a number of educational reforms,
8 including increased childcare funding, that
9 will benefit early education programs.
10 Rochester has a number of failing schools,
11 and I am committed to working with the
12 Governor and this Legislature to provide
13 high-quality educational opportunities to
14 Rochester families regardless of what
15 neighborhood they live in.

16 And equally important, I ask that you
17 support increasing the minimum wage, raising
18 the age of juveniles that can be held in
19 state prisons, improve the brownfield program
20 to serve areas of economic distress, support
21 business development and increase dollars for
22 affordable housing initiatives.

23 It is no secret that New York State is
24 uniquely positioned this year to save upstate

1 cities. The \$5.4 billion settlement that you
2 will divide as an organization can be used to
3 put Rochester on a trajectory of success. I
4 recognize that this amount of money is not
5 something that is reoccurring, and that is
6 why I am asking you to make this investment
7 now. Out of that \$5.4 billion, I am asking
8 and requesting that you invest less than
9 3 percent of those dollars in that settlement
10 in Rochester, New York, on these three
11 initiatives.

12 It is my sincere belief that the
13 Rochester checklist, along with the
14 Governor's proposed Opportunity Agenda, are
15 vital investments that will reap real
16 benefits for our community in the future.

17 Thank you for this opportunity, and I
18 would be pleased to answer any questions you
19 have.

20 CHAIRMAN FARRELL: Thank you, Mayor.

21 Questions? Mr. Otis.

22 ASSEMBLYMAN OTIS: Hello, Madam Mayor.

23 Nice to see you.

24 MAYOR WARREN: Good to see you as

1 well.

2 ASSEMBLYMAN OTIS: I just wanted to
3 touch base on the issue of Clean Water Act
4 compliance. What kind of costs are you
5 incurring in Rochester with stormwater,
6 sanitary lines and upgrades? Are you dealing
7 with EPA and DEC on that stuff? And how much
8 are you spending, and how are you paying for
9 it?

10 MAYOR WARREN: A couple of years ago
11 we combined and consolidated that function
12 with the County of Monroe, and so Rochester
13 and the County of Monroe have over a number
14 of years been really good at consolidating
15 those types of services. And so that is part
16 of the county's pure waters district, and
17 they are responsible for it at this time.

18 ASSEMBLYMAN OTIS: Thank you very
19 much.

20 MAYOR WARREN: You're welcome.

21 CHAIRMAN FARRELL: Questions? Thank
22 you, Senator.

23 Thank you very much.

24 MAYOR WARREN: Thank you.

1 CHAIRMAN FARRELL: The Honorable
2 Stephanie Miner, mayor, City of Syracuse.

3 And the next person will be Melissa
4 Mark-Viverito from the City Council, speaker
5 of the City Council.

6 MAYOR MINER: Good afternoon. I want
7 to thank Senator DeFrancisco and Assemblyman
8 Farrell for giving me this opportunity to
9 come and speak before you about the state of
10 my city in particular.

11 Given the lateness of the hour and the
12 number of people on your committee who are
13 still going to give testimony, I'm going to
14 focus my testimony, to coin a phrase, in a
15 laser-like way.

16 I think you have heard from my fellow
17 colleagues the struggles that we all face.
18 And no matter the size of the city, we all
19 have the same challenges that we are
20 struggling to meet every day to provide a
21 quality of life and key services to the
22 people of our community.

23 With that being said, the City of
24 Syracuse is the smallest of the so-called

1 Big 5 cities in New York State. And its
2 population has stabilized, which is unique
3 among upstate cities. And while it is the
4 smallest of the Big 5 cities, it is the
5 anchor of Central New York, which stretches
6 from Lake Ontario to Pennsylvania.

7 My administration has, since taking
8 office in 2010, has been dedicated to fiscal
9 responsibility. We have responsibly managed
10 the city's finances, we have cut costs, we
11 have taken tremendous measures of self-help.
12 I've reduced the city's workforce by
13 10 percent, closed a senior center and a
14 parking garage, required all employees to
15 contribute more for their health care, and
16 consolidated and shared services with
17 Onondaga County. In addition, I have
18 increased fees and pressured our local
19 non-profits to chip in for city services.
20 These are just a few of the things that my
21 administration has done under the category of
22 self-help.

23 Those actions, most of which were
24 extraordinarily difficult, have resulted in

1 our bond underwriters increasing and
2 maintaining our strong investment grade
3 bonding. Moody's has rated the City of
4 Syracuse A1, S&P gave us an A- rating with a
5 stable outlook, and Fitch rated Syracuse A
6 with a stable outlook. To paraphrase a
7 famous upstate New Yorker, reports of our
8 death have been greatly exaggerated.

9 But nevertheless, when facing sky-high
10 pension and healthcare bills and a
11 deteriorating infrastructure, these self-help
12 measures don't go far enough. Since taking
13 office in 2010, our pension bills have grown
14 by 36 percent, and we are expecting a
15 \$26 million pension bill from the State
16 Comptroller this year. In the past 10 years,
17 our health care costs have grown by
18 84 percent, and they now are expected to be
19 about \$44 million. And indeed, our
20 infrastructure is aging, and as an old city
21 we have infrastructure that is 100 years old.

22 As you've heard Mayor Brown talk about
23 in particular, the freeze-thaw cycles of our
24 harsh winters -- and now compounded by the

1 extreme weather events that we seem to see
2 regularly -- have exacerbated these issues.

3 While Aid to Municipalities has
4 remained flat and we have seen some growth in
5 our sales tax revenues, 50 percent of our
6 property is off the tax rolls and doesn't pay
7 property taxes. So we have had, relatively
8 speaking, flat revenues and costs that have
9 grown exponentially that we have not been
10 able to control.

11 A 2 percent property tax cap has also
12 limited us in our ability -- although
13 candidly, with 50 percent of our property off
14 the tax rolls, we wouldn't be able to raise
15 enough property taxes to deal with our
16 issues. Academics from Cornell University
17 have studied us and other local governments
18 and have found that local government spending
19 across the state has been flat and property
20 taxes were even dropping before the 2 percent
21 property tax cap.

22 The only local expenditures that have
23 been rising are those mandated by New York
24 State. But at the same time, state aid --

1 and AIM in particular -- has dropped in real
2 terms since the Great Recession. Exploding
3 state-mandated costs and costly
4 infrastructures are bleeding us dry, and
5 there is only so much we can do without state
6 and federal partnership. We do need
7 meaningful reform.

8 One of the areas that I would like to
9 talk to you about is infrastructure.
10 Infrastructure is vital and core to the
11 mission of a government. It transcends
12 political parties, and people expect their
13 government to plow and pave roads and deliver
14 clean water. And as New Yorkers we
15 understand that investing in infrastructure
16 spurs economic growth. And indeed, that's
17 the history of our state from the Erie Canal,
18 which is obviously of particular interest to
19 me as the mayor of Syracuse, to the other
20 infrastructure improvements.

21 We believe that at this time we have
22 an unprecedented opportunity to make
23 investments in infrastructure. In
24 Washington, we hear our federal partners

1 looking about to seize on the nationwide
2 crisis of crumbling infrastructure and turn
3 it into an opportunity for economic growth.
4 As a native and adopted Syracusan,
5 Vice President Joe Biden, has stated:
6 "What's the way to grow the middle class?
7 Jobs. And what's the way to get jobs? To
8 generate a virtuous cycle where you generate
9 more opportunity, more employers, more
10 concentration of work within our communities.
11 And that's what infrastructure does."

12 However, as many of you have already
13 indicated with your questions, without state
14 or federal programs today, localities are
15 shouldering the burden of deteriorating
16 infrastructure, which hampers our ability to
17 reliably provide key services. Local
18 governments are operating at their leanest,
19 and yet we are still hamstrung by flat aid
20 and the demands of state mandates. We must
21 balance the need to invest in infrastructure
22 with the spending requirements, all within
23 the constraints of available resources.

24 Competing needs for operations and

1 infrastructure are putting us all at a
2 breaking point. Recently, the Office of the
3 Comptroller released a report that stated
4 that New York municipalities are falling
5 behind in maintaining and improving
6 infrastructure, and without significant
7 changes in policies and resources, they will
8 be constrained to meet future infrastructure
9 and investment needs. There is little
10 question that we are desperately in need of
11 partners to fix the infrastructure that we
12 were once so proud of, to update it and to
13 maintain it.

14 And as investment in local government
15 infrastructure declines, so too will these
16 systems continue to age and demand more
17 intensive repairs. The extreme weather
18 events Hurricanes Sandy, Irene and Lee
19 ravaged roads, water mains, and people's
20 houses. Last year, the polar vortex
21 contributed to Syracuse's record number of
22 water-main breaks. And this year, Syracuse
23 is experiencing its coldest February ever.
24 I'm proud to say, as the mayor of the City of

1 Syracuse, that I never complain about the
2 cold -- but this year, and this February in
3 particular, I am testing that complaint.

4 I want to talk to you about what the
5 cold does and what a 100-year-old
6 infrastructure system does for a city, one
7 that in my city is in need of dire attention
8 and help. And that's our water system.

9 In the context of New York State, a
10 2008 Department of Health study found that
11 there were significant structural
12 deficiencies in drinking water systems across
13 the state and projected local investment
14 needs for water at \$10.7 billion over
15 20 years, requiring an average investment of
16 \$535 million annually. In 2012, local
17 government spending on water systems totaled
18 \$88.8 million, a \$447 million gap between
19 what the state's Department of Health
20 recommended and what was actually invested.

21 Similarly, in 2008, the New York State
22 Department of Environmental Conservation did
23 a study of our sewer systems and found that
24 30 percent of the state's 22,000 miles of

1 sewer line were beyond their expected useful
2 life. Additionally, 25 percent of the 610
3 wastewater facilities, including New York
4 City, are operating beyond their useful life
5 expectancy, are outdated and have obsolete
6 technology. All of these factors increase
7 the likelihood of contamination of the
8 state's drinking water.

9 The DEC projected that a 20-year
10 investment need for local sewer systems of
11 \$20 billion required an average investment of
12 a billion dollars annually. And spending by
13 local governments on sewer systems in 2012
14 totaled \$202.6 million -- a \$797 million gap.

15 In the materials that I provided for
16 you, I took a graph from the Comptroller's
17 report that shows what has happened to water
18 and sewer capital spending from the years
19 2002 to 2012. And you can see that the
20 amount of money being spent has gone down
21 dramatically -- indeed, in double digits:
22 19 percent for water and sewer, 10 percent
23 for sewer alone, and 35 percent for water
24 spending. This is all in the face of aging

1 infrastructure.

2 We all know that infrastructure forms
3 the basis of an economy and that it is, of
4 course, incredibly vital that we have a clean
5 water supply for the livelihood of all
6 New Yorkers. And indeed, Governor Cuomo has
7 said as much in his announcements.

8 A number of these projects have been
9 made possible by low-cost financing provided
10 by the New York State Environmental
11 Facilities Corporation. Yet with the
12 financial struggles of many municipalities,
13 even with low-cost loan programs in place,
14 there are not enough resources for those of
15 us to take advantage of these. Syracuse and
16 most other municipalities simply do not have
17 the revenues to pay back any loans, even ones
18 with a low interest rate.

19 In addition to that, when we don't
20 take care of our infrastructure and we spend
21 money on other things, we end up in many
22 cases spending good money on top of bad
23 money. And so I wanted to show you, in terms
24 of what is happening with the City of

1 Syracuse and our water mains, what that means
2 in particular.

3 We in the City of Syracuse in Central
4 New York have been very fortunate to have
5 done very well in the Regional Economic
6 Development Council awards, through the hard
7 work and partnership of many of our entities.
8 And I have included for you in your packets a
9 map of the City of Syracuse. And the black
10 dots in that map, the smaller black dots,
11 represent water main breaks from 2004 moving
12 forwards. The red dots are water main breaks
13 that happened last year. Every year,
14 starting in 2010, our water main breaks have
15 increased exponentially, obviously as the age
16 of our system has increased on top of having
17 aging and extreme weather.

18 Both the state and the city have
19 invested millions of dollars in projects
20 throughout our community, the city in
21 particular, and I am inordinately grateful
22 for that and think that we were deserving of
23 that investment. But to make a \$14.5 million
24 investment in downtown, to have it put on top

1 of a water main infrastructure system that is
2 collapsing and causing sinkholes, simply
3 doesn't make a lot of sense to me.

4 To invest \$11.2 million in our inner
5 harbor, which is going to be a brand-new
6 neighborhood for our city, and we pull a pipe
7 out from 1893 for that investment -- again,
8 it doesn't make a lot of sense to me.

9 St. Joseph's Hospital, Upstate, Crouse
10 Hospital, Syracuse University, and SUNY
11 ESF -- all incredibly good organizations that
12 are driving economic development for
13 Syracuse, for Central New York, and for all
14 of New York State. But if we can't provide
15 them water in a predictable way, then I posit
16 to you, why are we investing all of this
17 money on top of that? Providing water to
18 these institutions is a basic service.

19 And in putting this map together and
20 showing these pictures of sewer collapses and
21 old pipes and sinkholes throughout our
22 downtown and our infrastructure, it made me
23 start to think about what's happening in the
24 other regions. And so, with a simple Google

1 search, I went through what the other
2 regional infrastructure needs were. And you
3 will find -- and just simply focused on
4 water -- you will find that throughout each
5 of the Regional Councils, as they have been
6 deemed, that there are huge water
7 infrastructure needs.

8 You just asked, Assemblyman, Mayor
9 Warren about Rochester and Monroe County.
10 The Monroe County Water Authority had 136
11 ruptured water mains in January of 2014, more
12 than any other January in at least a decade.
13 Only one in the last 10 years came close to
14 the 136 breaks. This is from the Democrat &
15 Chronicle, this is not inside information
16 that I have been shared with.

17 In Ithaca, Ithaca had -- workers could
18 not find the source of a leak -- Ithaca is
19 one of the healthiest cities in upstate
20 New York, in New York State. They lost
21 600 gallons of water per minute, and they
22 couldn't find the leak. And they said if
23 they were not able to find that leak, they
24 would not have had capacity in their system

1 for another break. Rensselaer, the mayor
2 there has been very compelling, talking about
3 driving down the street and seeing sinkholes
4 and being paranoid about infrastructure.

5 I say this because I believe that
6 there is a real opportunity that the state
7 has this year, given the settlement funds.
8 It is standard fiscal responsibility to say
9 that when you have one-time revenues, they
10 should be put towards one-time expenses.
11 Given the fact that interest rates in our
12 country are so low, and just about 50 percent
13 of infrastructure when you pay for it is
14 interest, we could invest this money in
15 hundreds of thousands of projects -- update,
16 maintain, and move from, in many cases, the
17 19th century to the 21st century.

18 To fail to do that now I think will
19 only result in all of us looking at ourselves
20 10 years down the road, or five years or a
21 year down the road, with some catastrophic
22 infrastructure break and wonder why we sat by
23 and let this happen when we had this
24 opportunity.

1 With that, I would be happy to answer
2 any questions that any of you have.

3 CHAIRMAN FARRELL: Thank you very
4 much.

5 Questions?

6 CHAIRMAN DeFRANCISCO: Yes.

7 ASSEMBLYMAN MAGNARELLI: I don't know
8 if I'm on or not. Am I on, ma'am?

9 MAYOR MINER: I can hear you,
10 Mr. Magnarelli.

11 ASSEMBLYMAN MAGNARELLI: I want to
12 thank you very much for waiting for me to
13 come back. I know you did it just for me.
14 But anyway, thank you very much for being
15 here and giving us your presentation. I do
16 have a couple of questions.

17 You were talking about state mandates.
18 Outside of health and pensions, what are the
19 other mandates that are really affecting
20 upstate cities?

21 MAYOR MINER: Well, when almost
22 86 percent of our budget goes to personnel
23 costs and the largest personnel costs that we
24 have are employee salaries, healthcare, and

1 pensions --

2 ASSEMBLYMAN MAGNARELLI: So that's
3 what we're talking about, we're talking about
4 healthcare and pensions. Okay. I just
5 wanted to make sure, because I'm always
6 asking what are the other things, maybe some
7 of the low-hanging fruit that we could take
8 care of for either municipalities or towns or
9 villages. And even in the business sector,
10 everybody's screaming about mandates, and I
11 want to know what the mandates are that we're
12 talking about.

13 As far as the infrastructure is
14 concerned -- and you've rightfully shown you
15 us what's been going on as far as the water
16 problems that we have in Syracuse and all
17 over upstate New York -- I wasn't quite clear
18 on what you would do with this one-shot of
19 money, the billions of dollars that are extra
20 this year. You're saying put it aside for
21 low-cost loans?

22 MAYOR MINER: Or grants. I'm saying
23 that -- and I said this in October of 2014 --

24 ASSEMBLYMAN MAGNARELLI: Right.

1 MAYOR MINER: -- that all of that
2 money should go towards infrastructure.

3 ASSEMBLYMAN MAGNARELLI: Right. Okay.

4 MAYOR MINER: I use water mains as an
5 example to particularize it to Syracuse --

6 ASSEMBLYMAN MAGNARELLI: Syracuse.

7 MAYOR MINER: -- but there are roads;
8 there's a big bridge, I'm told, in
9 Westchester County that needs money as well;
10 there are sewer systems and water systems in
11 Long Island that need it desperately because
12 of Hurricane Sandy in particular.

13 So there are -- infrastructure of all
14 types is breaking across New York State. I
15 bring up the water because that is of
16 particular interest where I think it makes
17 sense to say yes, we want this money invested
18 from the state, but if you don't invest it in
19 the infrastructure, what are we doing? Why
20 would you redo your kitchen if your roof is
21 leaking right on top of it?

22 ASSEMBLYMAN MAGNARELLI: I know
23 firsthand what you're talking about. I think
24 there were three water-line breaks within two

1 blocks of my house.

2 MAYOR MINER: I thought you were going
3 to say you redid your kitchen with a faulty
4 roof.

5 (Laughter.)

6 ASSEMBLYMAN MAGNARELLI: No, no.
7 Thank God nothing's happening there.

8 I question -- just one more thing. As
9 far as Syracuse is concerned, and if we were
10 to put a fund together, how much money could
11 the City of Syracuse actually use in terms of
12 infrastructure repair during the course of
13 the next year? For example, I mean, you're
14 talking about millions and millions and
15 millions of dollars that are going to take
16 years and years to do. I doubt if we could
17 fix everything if we had all the money all at
18 once.

19 So can you give me some kind of
20 indication of what you would be looking for
21 in terms of a sustained amount of money over
22 years? And I think you might have alluded to
23 it earlier, but I'm not sure.

24 MAYOR MINER: Well, I can tell you

1 that we have started this process. We have a
2 draft of an asset management plan that is put
3 into place, estimates of what each level of
4 improvement would cost, and where it should
5 ultimately -- over a period of 10 years.

6 So over a period of 10 years, it could
7 be a billion dollars. But if you were to say
8 we'll give you \$5 million in grants and then
9 help you put together a low-interest package,
10 well, we'd figure out how to do that. But
11 without the grants, we can't put it together.

12 Let me particularize this again. In
13 2005, approximately, the federal government
14 came to the City of Syracuse and said: "You
15 have to make improvements in your water
16 system." We have a gravity-fed,
17 non-filtration-plant water system. Best
18 water in the country -- HUD has said that it
19 is. The federal government came to us and
20 said that "You have to make these
21 improvements."

22 And so the then-mayor went to the EFC
23 and started the process with the EFC, and we
24 took out a loan for \$36 million from EFC. We

1 increased water rates -- I was on the council
2 at the time, so I voted for all of this and
3 was supportive of all of this. But right
4 now, because largely because of that
5 improvement that was required by the federal
6 government, 25 percent of the water revenue
7 funds is paid for debt service. Debt service
8 is 25 percent of the water fund. In
9 comparison to the general fund, it's 7 or
10 8 percent.

11 So we can't -- we can't take out any
12 more loans on that fund. You know, the bond
13 underwriters and others will look at us and
14 say: You don't have the capacity to do it.

15 ASSEMBLYMAN MAGNARELLI: Well, I thank
16 you again for being here and waiting so long
17 to give us your testimony. Thank you.

18 MAYOR MINER: It's important. Thank
19 you, taxpayer.

20 CHAIRMAN FARRELL: Thank you.

21 Senator?

22 CHAIRMAN DeFRANCISCO: Yes. We've
23 stood together on this issue at news
24 conferences and the like, and it -- it's so

1 logical that I don't know what the hell we're
2 talking about, to be really honest with you.
3 The investment in your house when something's
4 falling down, or your new kitchen and your
5 pipes downstairs are leaking -- I mean, it's
6 just so unbelievable.

7 And when are we ever going to have
8 \$5.4 billion handed to us? And I know what's
9 going to happen. Some of that money,
10 probably a lot of that money, is going to go
11 to some program or operating expense, and
12 then next year, the year after, we'll find a
13 hole in the budget and we're in bad shape
14 again in the budget sense, and we're also
15 pushing the problem -- till when?

16 Most other major cities are having
17 debt limit problems and issues. Now is the
18 time. And it affects every single project.
19 You hit it right on the head. Why would you
20 spend these millions upon millions of dollars
21 that we've done -- for what? So people could
22 waddle through the water on an icy day?

23 So I have been advocating this as
24 strongly as I can. I just hope others that

1 are watching this on some other technological
2 device just understand that issue. And we've
3 really, really got to get it done this year.

4 So -- and it's got to be, and I asked
5 questions of the mayor of the City of
6 New York, and he agrees -- it's got to be an
7 equitable distribution of the funds. Not
8 this project here, that project there, this
9 project here, competition over here. It's
10 just not the way to do things.

11 And you have been a leader on this
12 issue, and I hope your other mayors that were
13 here -- I doubt that any stuck around, but
14 they were here earlier -- will join the
15 chorus and try to get this done and not lose
16 this golden opportunity. So great job.

17 MAYOR MINER: Thank you, Senator.

18 Let me just add to your comments to
19 say that I think, one -- as I said in my
20 comments, we have a huge opportunity here
21 because interest rates are so low. We've
22 gone for general obligation borrowing and
23 gotten 2 percent for the City of Syracuse.
24 It's extraordinary. So there's a huge

1 opportunity to get double the kind of
2 infrastructure investments that we would
3 otherwise because of low interest rates. And
4 they're not going to stay low forever.

5 But the second thing, philosophically,
6 for me, and you may disagree with this, but
7 these settlement monies came from bad actors
8 on Wall Street who took advantage of people.
9 And what better way than to invest in the
10 infrastructure that impacts people's lives
11 and quality of life, to do with that money,
12 as opposed to cutting taxes or giving away
13 tax breaks or picking winners and losers?

14 The money came from the bad acts, and
15 I think that it makes sense as public
16 servants to see that that money gets invested
17 in a way that the people of this state, writ
18 large, benefit.

19 CHAIRMAN DeFRANCISCO: Agreed.

20 CHAIRMAN FARRELL: Further questions?
21 Senator.

22 SENATOR KRUEGER: Thank you.

23 I don't have a question, I just want
24 to thank you for your testimony. It always

1 has different priorities. And we shouldn't
2 make it some kind of game, whoever comes up
3 with the newest, sexiest-sounding idea gets
4 the money.

5 So thank you very much for all your
6 hard work and your testimony today.

7 MAYOR MINER: Thank you. I'm happy to
8 bring you and Senator DeFrancisco together.

9 (Laughter.)

10 CHAIRMAN FARRELL: Thank you.

11 MAYOR MINER: Thank you, Assemblyman
12 Farrell.

13 CHAIRMAN DEFRANCISCO: It's scary
14 enough that we agree all the time.

15 CHAIRMAN FARRELL: The speaker of the
16 New York City Council, Melissa Mark-Viverito.

17 One day I'll get it, before you leave.

18 (Laughter.)

19 CHAIRMAN DeFRANCISCO: That's easy for
20 you to say.

21 MS. MARK-VIVERITO: Good afternoon.

22 CHAIRMAN FARRELL: Good afternoon.

23 MS. MARK-VIVERITO: I know it's been a
24 long day already; I will try to be as quick

1 and thorough as I can be.

2 I'm joined here by Latonia McKinney,
3 who is director of finance for the New York
4 City Council.

5 So I just want to say good afternoon
6 to Chairman DeFrancisco and Chairman Farrell
7 as well as the members that are here from the
8 Assembly and from the Senate. Senator
9 Krueger, great to see you.

10 I am Melissa Mark-Viverito, and I am
11 the speaker of the New York City Council.
12 I was here last year also providing
13 testimony.

14 Governor Cuomo's Executive Budget for
15 state fiscal year 2015-2016 is a budget that
16 contains many things that are beneficial for
17 New York City and that the Council can fully
18 support.

19 It is a budget that emphasizes
20 education and economic investment throughout
21 the state. With a healthier economy,
22 revenues are up in New York State, as they
23 are in New York City. As we look forward to
24 the state budget and New York City's budget,

1 the council will dedicate itself to ensuring
2 that all New Yorkers have a share in the
3 comeback that is underway.

4 That being said, there are some
5 proposals that deserve a closer look. For
6 many years, New York City has felt that the
7 state has balanced its budget on the back of
8 New York City. In my second year as speaker,
9 and with the Governor and Legislature, I hope
10 that New York City can finally realize what
11 it has fought for and what it deserves. To
12 do that, we will need your support.

13 So I know you've heard it many times
14 today from the mayor and the comptroller,
15 definitely the minimum wage is something that
16 we all agree on. The council calls upon the
17 state to give local municipalities control
18 over setting a minimum wage that reflects the
19 needs of the local economy. This is an
20 instance in which one size does not fit all
21 and there are local concerns that should
22 outweigh a state-mandated minimum.

23 Next I would like to address the asset
24 forfeiture; it obviously has come up in the

1 last testimony. It's also known as the bank
2 settlement. The state is expecting to
3 receive approximately \$5.7 billion in
4 settlements from 12 financial institutions,
5 with the largest being \$3.6 billion from
6 BNP Paribas. We applaud this windfall, and
7 we would definitely look forward to it
8 meeting the long-term needs of the state.

9 However, in New York City there are
10 few areas in more need of investment than
11 affordable housing. Using \$440 million from
12 the settlement, the Governor proposes to
13 address this in worthy ways. These include
14 the New York/New York IV supportive housing
15 program, although we believe that we would
16 like to see more money dedicated to that; to
17 support rental assistance to those with
18 HIV/AIDS; to improve seniors' and veterans'
19 housing; to help homeowners write down
20 mortgage payments; and for low-cost financing
21 and access to capital through Community
22 Development Financial Institutions. Those
23 are all extremely laudable.

24 The council would like to applaud the

1 Governor for including funding for repairs to
2 New York City Housing Authority developments
3 in the amount of \$25 million for the first
4 time in many years. We definitely appreciate
5 that level of investment; it is desperately
6 needed. I always say that our public housing
7 stock is the cornerstone of affordable
8 housing in the City of New York.

9 But we know that due to years of
10 deferred maintenance, much more funding is
11 needed to keep NYCHA housing safe. The
12 residents of NYCHA are suffering from
13 conditions that are the result of a
14 persistent shortage of capital funding.

15 Starting in fiscal year 2015, the
16 city, through the combined efforts of the
17 council, the mayor and the borough
18 presidents, we have planned, combined, to
19 commit \$225 million in capital dollars to
20 improve these conditions. We would like to
21 call upon the state to show its commitment to
22 the restoration and maintenance of the public
23 housing stock by matching the city's capital
24 contribution and to show its commitment to

1 the over 400,000 New York State residents
2 that call NYCHA home. But only, as we said,
3 \$25 million is going to improvements of
4 public housing, and it falls way short of the
5 needs that we have.

6 So also the Governor's budget outlines
7 \$42 million in continued support for 44
8 Mitchell Lamas in severe distress, and \$187.2
9 million for Homes and Community Renewal and
10 Office of Temporary and Disability Assistance
11 capital programs that support the creation or
12 preservation of affordable and supportive
13 housing across the state. Definitely the
14 council is very supportive of these efforts.

15 We are glad to see a property tax
16 circuit breaker included in the Governor's
17 budget. The proposal is an improvement over
18 last year's. But it still does not work for
19 New York City. Our tax system is different
20 from other local governments in the state.
21 New York City relies on personal income and
22 business income taxes and taxes on commercial
23 property. Taxes on owner-occupied property
24 in New York City are low, relatively

1 speaking. But in a city where two out of
2 three households are renters, New York City's
3 real problem is the increasing rent burden
4 that exists.

5 The Governor's program has a renter's
6 credit. However, it does not kick in until a
7 household has a burden of around 45 percent,
8 which is well above the 30 percent threshold
9 commonly used in identifying when rent
10 becomes a true difficulty. Therefore, we
11 believe the program should be reformed to
12 better target towards truly rent-burdened
13 households.

14 Now, with regards to the education
15 proposals, definitely there are items to
16 support as outlined in the 2015 Opportunity
17 Agenda, such as the DREAM Act, with
18 \$27 million in this year's budget to make it
19 a reality. We also support the proposal to
20 maintain and increase the investment for
21 universal pre-K for 4-year-olds to
22 \$370 million. And the \$25 million in pre-K
23 programs for 3-year-olds in high-needs
24 districts, and the proposed extension of

1 mayoral control, are things that we do
2 support.

3 However, one proposal that we will
4 watch closely and need clarity on is the
5 increase in state aid. The Governor proposes
6 increasing state aid to education by
7 \$1.1 billion statewide if certain reforms he
8 is advocating are enacted by the Legislature.
9 Failing that, aid to education would increase
10 by only \$377 million statewide. We believe
11 that the full \$1.1 billion should not be
12 linked to the passage of all the Governor's
13 proposed education reforms. It would be
14 counterproductive to reduce available funding
15 to schools because there is disagreement over
16 these issues.

17 Even with the \$1.1 billion increase
18 that the Governor has proposed, it is still
19 well short of the \$2 billion requested by the
20 Board of Regents. Furthermore, the
21 Governor's proposal makes no mention of the
22 \$2.5 billion owed to the city under the CFE
23 settlement, or making this increase a down
24 payment towards fully funding the Campaign

1 for Fiscal Equity. New York City children
2 deserve this funding, and with the improved
3 economy, this budget is the place to start
4 moving towards equity in funding for our city
5 schools.

6 On the housing side, more funding to
7 combat and prevent homelessness is
8 imperative. As I stated last year, we
9 believe that rental assistance is the best,
10 most cost-effective tool we have to help
11 families living in shelter achieve stable,
12 permanent housing. As you know, the homeless
13 numbers have not decreased -- the mayor
14 talked about that clearly -- and it's
15 imperative that more be done to address this
16 problem.

17 So the Governor's proposal to use
18 \$220 million in savings generated by capping
19 OCFS youth facility billings for rental
20 assistance programs or other services for the
21 homeless, and the \$50 million in excess
22 reserves to support various housing programs,
23 is a step in the right direction. However,
24 we believe more is needed.

1 Just quickly, as regards to the
2 criminal justice reform, there's also
3 widespread support for the recommendations of
4 the Commission on Youth, Public Safety, and
5 Justice to raise the age of juvenile
6 jurisdiction from 16 to 18. That's really --
7 really something that we want to consider
8 almost a priority.

9 The council and the administration
10 have worked collaboratively to combat gun
11 violence, which is another issue, through the
12 Anti-Gun Violence initiative, and definitely
13 welcome the continuation of any funding for
14 Operation SNUG to expand the impact of gun
15 violence prevention programs.

16 And looking at the MTA and what's been
17 proposed, the Governor included \$750 million
18 for the 2015-2019 capital plan. However,
19 considering that the MTA is facing a
20 \$15 billion budget gap, this allocation is
21 not sufficient to ward off future fare
22 increases. Given that over 2.5 billion
23 riders use MTA's services each year, it is
24 imperative that the infrastructure be safe

1 and reliable, and we can only do that by
2 dedicating funding while we have it. And
3 obviously, that's the greater metropolitan
4 region that benefits from that, outside of
5 New York City.

6 Some of the other good ideas that are
7 here -- and I'm almost done with my
8 testimony -- we have the tax credits such as
9 the Urban Youth Jobs Program Tax Credit,
10 which offers a tax incentive to employers who
11 give jobs to low-income or at-risk youth
12 between the ages of 16 and 24, that
13 definitely will be helpful to New York City.
14 For part-time and full-time employees,
15 employers could receive as low as a \$250
16 credit per month or as high as a \$1,000
17 credit per month, depending upon the length
18 of employment. That's going to help so many
19 young people.

20 And the other items that are talked
21 about in the budget, the New NY Broadband
22 Fund is really something that we look forward
23 to advocating and seeing fulfilled. The
24 Global NY Development Fund, which encourages

1 more New York-based companies to export their
2 products, is definitely important. And the
3 New York State Innovation Venture Capital
4 Fund, designed to accelerate technology
5 commercialization by making equity
6 investments in high-growth technology
7 companies, is a welcome and great idea.

8 So in conclusion, Governor Cuomo has
9 called his program an Opportunity Agenda.
10 Opportunity is what the New York City Council
11 is all about, opportunity for the vast number
12 of people who have been left out by the
13 growing inequality of our society. The
14 services I have discussed here, which have
15 included education, affordable housing,
16 homeless services and youth employment,
17 provide a base that let people use the
18 opportunities our great state offers to
19 create a decent life for themselves and their
20 families.

21 So I thank you for your time and
22 attention. I look forward to our continued
23 partnership. Thank you for the support on
24 behalf of New York City. If you have any

1 questions, I'd be more than happy to answer
2 them.

3 CHAIRMAN FARRELL: Thank you.

4 Questions?

5 MS. MARK-VIVERITO: Thank you very
6 much.

7 CHAIRMAN DeFRANCISCO: Senator
8 Krueger.

9 SENATOR KRUEGER: Thank you.

10 I think the lack of questions is
11 simply both the time of day and the fact that
12 you were reinforcing the testimony of our
13 mayor, who was here for many hours, and our
14 comptroller. And I just want to thank you
15 for schlepping up to Albany and waiting all
16 day to testify and for representing us so
17 well.

18 MS. MARK-VIVERITO: Thank you so much,
19 Senator.

20 Thank you. Have a good afternoon.

21 CHAIRMAN DeFRANCISCO: Ditto.

22 MS. MARK-VIVERITO: Have a good
23 afternoon.

24 CHAIRMAN FARRELL: Steven J. Acquario,

1 executive director, New York State
2 Association of Counties.

3 Next will be the New York State
4 Conference of Mayors, Peter Baynes and
5 Dorothy Goosby. Are they down yet?

6 MR. ACQUARIO: Chairman?

7 CHAIRMAN FARRELL: Good afternoon.

8 MR. ACQUARIO: Members of the fiscal
9 committees, it is a pleasure to be here with
10 you. Thank you for affording the local
11 governments an opportunity to bring a message
12 from your communities, our communities from
13 all over this state. Whether you're from the
14 Southern Tier, the North Country, the Lower
15 Hudson Valley, Central New York, New York
16 City, we bring the message of your regional
17 governments.

18 We bring a message of some tension.
19 We bring a message of opportunity. And we
20 hope that you listen to what we say. Include
21 us in the ongoing deliberations of the
22 important work that you are tasked to do for
23 the people of New York. And again, we thank
24 you for affording us an opportunity.

1 I'm joined here to my immediate right
2 by the Association of Counties president,
3 Anthony J. Picente of Oneida County. And on
4 behalf of the New York State County
5 Executives Association, the Honorable Rob
6 Astorino could not be with us here today as
7 president. Kathleen Jimino has volunteered
8 to join us.

9 I'd like at this point in time, before
10 I provide some further remarks, to ask our
11 president, Anthony Picente, to offer some
12 perspectives.

13 MR. PICENTE: Good afternoon, Chairman
14 DeFrancisco, Chairman Farrell, members of the
15 committee. Again, it is our great pleasure
16 and appreciation that we come before you
17 today and talk about some issues that are
18 very relevant and most important to counties
19 across New York State.

20 And I'm proud to represent the
21 New York State Association of Counties as its
22 president, and to be joined by my counterpart
23 in Rensselaer County, the county executive,
24 Kathleen Jimino.

1 We appreciate, first and foremost, the
2 efforts of the Governor and of both of your
3 legislative bodies over time to continue to
4 recognize the effect that state mandates have
5 on local property taxpayers and on local
6 governments. We fully support the intent of
7 the Governor's Budget proposal to impose no
8 new mandates on counties and provide
9 important fiscal relief and stability.

10 I'll talk about a few items and then
11 turn it back to Steve to recap some other
12 issues that are important to counties.

13 I want to talk about public safety,
14 one of the issues that is most important to
15 those of us in local government. The OCFS
16 facility charges, NYSAC strongly supports the
17 Governor's decision to cap county
18 liabilities, retroactive and prospective
19 reimbursements back to the state for youth
20 placed in state facilities operated by the
21 Office of Children and Family Services. Our
22 counties do not control these placements;
23 they are made by family court judges. And
24 once made, the state and counties split the

1 costs.

2 The Governor's proposed budget builds
3 on the promise of earlier reforms and locks
4 in a known dollar amount for potential county
5 costs in the future, while waiving excess
6 retroactive billings to counties, all within
7 the parameters of the current state financial
8 plan.

9 Another issue is, as you've heard,
10 I've heard the speaker of the New York City
11 Council speak of, is raising the age of
12 criminal responsibility. I had the pleasure
13 of being on the commission representing the
14 counties. And counties have supported the
15 public policy goals of raising the age of
16 criminal responsibility from 16 to 18 for
17 nonviolent offenses, but we have consistently
18 raised concerns about the costs of such
19 actions and the capacity of providers to
20 deliver the necessary services.

21 This public policy goal is critically
22 important. The key to this is ensuring that
23 once a child is diverted away from criminal
24 detention, a full slate of services are

1 available to the child and their family.
2 Because counties play many roles in the
3 criminal justice and social services system,
4 this change will have a direct impact on
5 county costs and services and therefore must
6 address the concerns raised by county
7 officials.

8 We need a full commitment on the part
9 of the state to create and fund an expanded
10 juvenile justice system that will
11 rehabilitate these teenagers, and that system
12 needs to be created.

13 As you proceed in these negotiations,
14 this is what our counties will need to
15 support this initiative. First, specific
16 language to fully cover all new costs
17 associated with expanding services for teens
18 in order to avoid a new unfunded mandate on
19 counties.

20 And secondly, we recommend an escrow
21 account funded 100 percent by the state so
22 that as the county needs funds for local
23 services we can draw them down in the
24 transitional period.

1 Indigent defense is another area
2 that's of most importance. It's a state
3 requirement under the federal Constitution,
4 but in New York it is provided for and funded
5 at the county level.

6 Last fall, the state settled an
7 indigent defense lawsuit that involved the
8 state and five counties. We encourage the
9 Legislature to support full state funding for
10 those five counties involved in the
11 Hurrell-Harring settlement. The settlement
12 requires that the five counties involved
13 provide new indigent defense services and
14 standards. These include caps on caseloads
15 and counsel at first arraignment, both of
16 which will need funding.

17 We anticipate further that this demand
18 for these new services and standards will
19 become required of all 57 counties in the
20 near future. The Office of Indigent Legal
21 Services, OILS, is requesting that the state
22 pick up these costs outside of New York City,
23 and NYSAC supports this request.

24 According to OILS, covering the

1 caseload cap outside of the city will cost
2 about \$105 million annually. In addition to
3 the new services coming out of the
4 settlement, counties outside New York City
5 currently spend \$150 million annually for
6 indigent defense services. We call on the
7 state to gradually take over the costs
8 associated with these services.

9 I would now like to turn it over to
10 Executive Director Acquario for some other
11 comments on county initiatives.

12 MR. ACQUARIO: Thank you, President
13 Picente.

14 The association and its membership
15 strongly believe that the best way to provide
16 property tax relief is to address its root
17 cause and being specific with the mandates
18 that affect the regional governments and by
19 eliminating those cost drivers. For
20 counties, our ability to lower costs is
21 directly tied to the amount we pay for
22 services that counties provide on behalf of
23 the state.

24 The Legislature and Governor

1 implemented a property tax cap, which this
2 association supported, and freezes to address
3 the rate of future growth in property taxes.
4 But we supported this property tax cap and
5 freeze with the pledge of mandate relief.
6 Today we're asking the Legislature to
7 readdress this property tax cap and include
8 some suggested amendments.

9 One, municipalities should be able to
10 exempt capital debt from the formula, just as
11 schools are allowed to do. Most of our
12 capital construction is state-mandated, or
13 much of it is.

14 Two, the increases in PILOT revenues
15 should not be included in the tax cap
16 formula.

17 Three, the court-ordered expense
18 exemption should be extended to refunds
19 ordered as a result of tax certiorari
20 proceedings.

21 Four, exempt emergency expenditures
22 related to repairing and/or replacing
23 equipment or public infrastructure that is
24 destroyed by a natural disaster or other

1 unforeseen event.

2 And, five, modify the administratively
3 imposed lookback period of January 2012
4 established by the Division of the Budget
5 related to eligible shared services and
6 government efficiencies necessary to qualify
7 for the property tax freeze credit.

8 The Governor's budget also called for
9 an expanded income tax credit based on the
10 amount of property taxes homeowners pay.
11 It's also been called the circuit breaker.
12 While the Governor's proposal would reduce
13 many individuals' overall tax burden, it will
14 not reduce property taxes.

15 As an alternative to the Governor's
16 \$1.7 billion income tax credit, the
17 association and its member counties strongly
18 urge the Legislature to reject this proposal
19 and lower county Medicaid costs in areas
20 subject to the tax cap in a similar dollar
21 amount to the Governor's proposal. The state
22 could then adjust the county property tax
23 caps to ensure that as the state reduces
24 county costs, it is reflected in local tax

1 caps, leading to direct lower property taxes.

2 This approach would guarantee lower
3 property taxes for all of our homeowners, all
4 of our small businesses, proportionate to the
5 Medicaid burden in each county. It is less
6 complicated, more transparent for taxpayers
7 than higher property taxes and then waiting
8 to receive an income tax credit a year later.

9 Shifting to the use of bank settlement
10 funds, the Governor has proposed a broad
11 outline for using one-time bank settlement
12 funds. We believe these funds should, one,
13 target funds for broadband deployment in
14 underserved areas as proposed by the
15 Governor; two, create an incentive fund to
16 foster shared services and government
17 efficiencies, as proposed by the Governor;
18 three, set aside a portion to respond to
19 emergencies and natural disasters, as
20 proposed by the Governor; four, target
21 regional infrastructure projects that will
22 benefit the New York economy overall; five,
23 specifically, we need more funding for
24 locally owned and maintained roads, bridges,

1 culverts, and critical infrastructure:
2 87 percent of the state's 110,000 miles of
3 roadways and 50 percent of the state's 18,000
4 bridges are locally owned and maintained.

5 Shifting to preschool special
6 education, counties strongly supported the
7 rollout of a 100 percent state financing
8 commitment for universal prekindergarten for
9 all 4-year-olds across New York State. We
10 remain concerned, however, that this state
11 expansion is leaving certain children behind,
12 and those children are children with special
13 needs. They should not be in a separate
14 program as they currently are. The result
15 will further widen New York's gap for
16 implementing the federal Individuals with
17 Disabilities Education Act, and we ask that
18 all children are included in this program.

19 A few years ago, the state increased
20 the county share of safety-net funding to
21 71 percent and reduced the state share to
22 29 percent. It used to be fifty-fifty.
23 Initially this was offset by fully
24 federalizing both state and local TANF costs,

1 but that is no longer the case.

2 Counties strongly objected to this
3 change at the time, and it is becoming a
4 significant challenge for many counties. We
5 urge you today to restore the historic
6 funding shares to fifty-fifty and provide
7 much-needed relief to local taxpayers.

8 Finally, counties will be renewing
9 efforts in support of past proposals from the
10 Governor and State Senate to allow counties
11 to renew their existing sales tax authority
12 every two years locally without the need for
13 state legislative action. Ideally, this
14 could be handled through an omnibus bill that
15 has been introduced by Assemblywoman Sandra
16 Galef that extends to all counties' existing
17 sales tax rates permanently and allow the
18 handful of counties with sales tax rates
19 below 4 percent to adjust it to those rates
20 up to but not in excess of 4 percent if they
21 deem it appropriate.

22 Fifty-five New York counties will have
23 55 individual bills that need state
24 legislative approval this year to continue

1 their existing sales tax arrangements that in
2 some cases stretch back to the 1970s. One
3 bill would be much more efficient than
4 55 bills going through the legislative
5 process.

6 With the minute or so that we have
7 remaining, I'd like to turn it over to
8 Kathleen Jimino to see if she may have a
9 comment. I know, Kathleen, you had expressed
10 an interest in addressing community college
11 funding.

12 MS. JIMINO: Yes. In our case,
13 Rensselaer County's case, we are the host
14 community to Hudson Valley Community College.
15 It is a wonderful college, it is a gem, it is
16 a job creator and job generator and fills the
17 gap for many other job creators in terms of a
18 ready workforce.

19 The state is required by law to fund
20 the operations of the community college by
21 33 percent, then 33 percent is to be paid by
22 the students and 33 percent by the local
23 governments. Unfortunately, the state funds
24 the community college to the tune of about

1 22 percent, shifting that balance then to the
2 students and, as well, to the local counties.
3 As such, our property taxes again are pushed
4 higher by the fact that this is a shifting
5 cost from the state.

6 Last year there was an increase in aid
7 to the community colleges that we thought was
8 a step in the right direction in terms of
9 moving towards the statutory requirement of
10 33 percent. However, that is not repeated in
11 the Governor's proposal this year. We would
12 like to see continued steps towards getting
13 the state up to its fair share, as defined in
14 law, of 33 percent.

15 MR. PICENTE: And if I could just add
16 to that just one point.

17 It's important to note that when the
18 state reduces community college funding in
19 any given year, nothing happens. If a county
20 chooses to reduce community college funding
21 in that particular year, it triggers offsets
22 on state funding and on other community
23 college levels. So the college gets
24 penalized even more so if the county can't

1 make the same contribution. That's not a
2 fair process.

3 I'm glad to answer any questions.

4 CHAIRMAN FARRELL: Thank you.

5 Questions?

6 Thank you very much.

7 SENATOR KRUEGER: Thank you, panel.

8 Thank you.

9 MR. ACQUARIO: Thank you.

10 MS. JIMINO: Thank you.

11 MR. PICENTE: Thank you. Thank you
12 for your time.

13 CHAIRMAN FARRELL: Next, Peter Baynes,
14 executive director, New York State Conference
15 of Mayors.

16 MR. BAYNES: Good afternoon, and thank
17 you to each of you for being here this late
18 in the day after a long day.

19 I'm Peter Baynes, I'm the executive
20 director of the Conference of Mayors. I have
21 with me Barbara Van Epps, who's our deputy
22 director and legislative director as well.

23 What I'm going to try and do in my
24 allotted time -- or maybe even less than my

1 allotted time -- is put the comments that you
2 heard today from the various city mayors that
3 were here, try to put them into a statewide
4 context.

5 First I just wanted to touch on local
6 government, city and village, that we
7 represent, cities and villages, their fiscal
8 condition right now. And first I just want
9 to sort of clarify the -- try to counter a
10 myth that's out there that there are too many
11 local governments in New York, which is an
12 issue that ends up stalling real
13 conversations on real issues.

14 We don't have 10,500 local governments
15 in New York. The U.S. Census Bureau defines
16 what a local government is, and we have 3,400
17 in New York. We aren't near the top
18 nationwide in having units of local
19 government compared to other states;
20 actually, we're 37th in terms of the number
21 of local government units we have per
22 thousand residents. So the idea that our
23 problems with property taxes are that we have
24 too many local governments is a fallacy.

1 Another claim that's been made about
2 local governments of late is that they're
3 wasteful and they're not making the tough
4 decisions that are being made at the state
5 level. If you look at the data -- you don't
6 have to look at our data, you can look at the
7 State Comptroller's data -- it shows that
8 that is not the case either, that local
9 governments have shown at least if not more
10 discipline than the state in controlling both
11 taxes and spending.

12 Real property tax levies -- this was
13 shown in the State Comptroller's report
14 several weeks ago, that real property tax
15 levies have having growing at or below the
16 rate of inflation, and that that started even
17 before the tax cap came into being.

18 On the spending level, if you look at
19 the units of local government we represent,
20 over the last five years the average annual
21 increase in spending for cities has been
22 1.4 percent, and for villages 0.8 percent.
23 So those tough decisions are being made,
24 sacrifices are being made to try to deal with

1 the recession and the tax burden we have here
2 in New York.

3 But there's a price to pay for
4 austerity, especially when the state isn't a
5 strong fiscal partner with local governments.
6 At the local level, the things that have had
7 to be done to do the first things I
8 mentioned -- that is, to control taxes and
9 spending -- mayors have had to reduce the
10 size of their workforce by an average of 1 to
11 2 percent per year since 2008. And that
12 applies to both non-uniformed and uniformed
13 employees.

14 Fund balances at the city level are
15 being knocked down drastically over the
16 period of 2008 to 2013. There's been
17 approximately a 30 percent reduction in fund
18 balances within our cities across the state:
19 Almost \$110 million in fund balance decline
20 as local governments have tried to control
21 spending, taxes, and stay under the tax cap.

22 They've also chosen, by necessity, to
23 have a declining investment in
24 infrastructure -- which has been an important

1 topic here today, and I will touch on a
2 little bit more.

3 So all these things have gone on. Why
4 is there this unsustainable equation at the
5 local level when local governments are doing
6 all they can? I would contend, and NYCOM
7 would contend, that the primary reason we
8 don't have sustainability at the local
9 government level right now and we don't have
10 the real property tax stability we need is
11 that the state has not been a proactive
12 partner in terms of having a statewide policy
13 to partner with local governments.

14 To be frank, for mayors across the
15 state, at times it seems like the message
16 from Albany is either go fix yourself or just
17 go away, and that really is not the kind of
18 partnership that we need in New York to
19 strengthen and grow our communities and
20 revitalize our economy. There needs to be a
21 policy that's a two-way street, that's a
22 partnership.

23 The first step, and it's been
24 mentioned, I think, by every mayor today, is

1 the need for a substantial and long overdue
2 increase in unrestricted state aid.

3 New York's track record in this regard
4 is not good if you look over the long-term.
5 Since 1980, in real dollars, revenue-sharing
6 aid to local governments is down 75 percent.
7 In the short-term, New York City was
8 eliminated from the AIM program. For all
9 other cities and villages, their AIM funding,
10 which is unrestricted state aid, has gone
11 down 14 percent in real dollars since
12 2008-2009.

13 Another way to look at it, to put it
14 into perspective, is to compare municipal aid
15 to school aid. School aid in the last budget
16 was 30 times greater, 30 times greater than
17 municipal aid. I think if you went and
18 looked at municipalities in your -- and I'm
19 sure you've done this, but I'd encourage you
20 to do it again. Look at municipalities in
21 your district, see how much state aid they
22 get compared to the school district that
23 surrounds that municipality. And the ratio
24 there is shocking, to be perfectly honest.

1 We know that municipal aid will never
2 be at the level of school aid, nor should it
3 be, because of the responsibilities and the
4 constitutional requirements for school
5 funding in New York. But we do think there's
6 need for more of a commitment from the state
7 towards its local governments. When you have
8 an increase in school aid of \$1.1 billion
9 last year and it's 65 percent greater than
10 the entire amount of aid you give local
11 governments, I think that's a problem.

12 The Governor's budget, as I think you
13 know, keeps AIM funding at the same level.
14 And it does not seem like there's been an
15 appetite, with the Governor or the
16 Legislature, to increase AIM funding. But as
17 I said, we believe there's a need for a
18 substantial increase in unrestricted state
19 aid. We think it's time to create a new
20 program on top of the AIM program, something
21 that -- and you probably, those of you who
22 were here throughout the day, you heard just
23 about every mayor talk about how inequitable
24 the AIM program is to them vis-a-vis other

1 cities.

2 That's why, with a new program of
3 unrestricted aid, it would be an opportunity
4 to treat every city, town, and village
5 fairly, based on a per-capita aid formula
6 that's adjusted for things like fiscal
7 capacity, fiscal effort, density poverty, the
8 level of services they provide, and the
9 degree of tax-exempt property in their
10 community. We think if a program could be
11 created and be funded substantially in that
12 regard, it would do so much more to help
13 communities and control property taxes than a
14 tax freeze or a circuit breaker ever could.

15 The next major topic that I want to
16 mention is infrastructure. As has been noted
17 today, local public infrastructure is the key
18 to quality of life, it's the key to economic
19 development. You will see tomorrow a
20 statewide poll coming out of the Siena
21 Research Institute that will show that the
22 public, when asked, with the \$5.4 billion in
23 bank settlement funds that are available,
24 what should be the top priority for the use

1 of that money, the number-one priority
2 selected is public infrastructure.

3 Not tax relief, not economic
4 development, but investment in public
5 infrastructure. And by a two-to-one margin
6 they said local infrastructure should get the
7 money, compared to state infrastructure.

8 So I think the average citizen in
9 New York understands the same things that
10 have been said at this table and at your dais
11 today, that this money should be invested in
12 infrastructure. And having a \$5.4 billion
13 windfall is a one-time, once-in-a-lifetime
14 opportunity that we should take advantage of.

15 The Governor has proposed a
16 \$1.5 billion pot split into three separate
17 pots for seven of our ten regions in the
18 state to compete for. We think competition's
19 okay, but we believe that exclusion is bad,
20 that all regions -- maybe they should compete
21 to show what their priorities are, but at the
22 end of the day, every region of this state
23 can make a strong case for need for that
24 settlement money to be used for

1 infrastructure in their region.

2 Whether it's roads, bridges, water,
3 sewer, storm water, flood mitigation,
4 disaster resiliency -- the settlement money,
5 if used properly and used comprehensively
6 across the state, could jump-start many of
7 these projects, provide the gap funding
8 that's needed to get those projects off the
9 ground and provide jobs and provide the
10 foundation for future economic growth.

11 Just briefly, a couple of other topics
12 in my remaining five and a half minutes.

13 Again, related to infrastructure, the
14 CHIPS program. The CHIPS program -- I think
15 if you ask any local official they would say
16 the most important categorical aid program
17 the state has is the CHIPS highway program.
18 The Governor's proposal keeps CHIPS aid flat
19 and removes the \$40 million enhancement that
20 the Legislature added last year for extreme
21 winter recovery.

22 We urge you to restore that
23 \$40 million and to also provide a substantial
24 increase in the base CHIPS program. It's a

1 program that works, it creates tangible real
2 results that help the quality of life and the
3 economic development capacity of our
4 communities.

5 Similar to what the Association of
6 Counties said on the tax cap, we have some
7 fairly narrow economic-development-related
8 exclusions that we are recommending be added
9 to the tax cap as you consider its extension
10 this year in the context of rent regulation.
11 We point out three particular exclusions.

12 One, when there is an emergency, a
13 state of emergency declared by the Governor
14 because of an emergency event in a community
15 or region, if there are expenditures needed
16 to be made by a local government to deal with
17 that emergency, those types of infrastructure
18 capital expenditures should be excluded from
19 the cap.

20 There are also state-ordered capital
21 expenditures such as DEC consent orders.
22 When those come into play, those should be
23 excluded from the tax cap.

24 And then, finally, any infrastructure

1 investment at the local level that will
2 support economic development -- again, water,
3 sewer or transportation, or if it's a project
4 that's been sanctioned by the state -- that
5 is, the state, for example through the REDC
6 process, is funding a project in a community
7 and there's a local government match to that
8 project -- that expenditure by the local
9 government we believe should be excluded from
10 the calculation of the tax cap.

11 At the end of the day, we think these
12 exclusions are actually good for business in
13 New York. Good for economic development --
14 they're not designed in a way to allow local
15 governments to blow holes through the tax
16 cap. They already have their own political
17 tax caps they've been complying with for at
18 least 10 years, but they do need to have the
19 ability to make these capital expenditures,
20 especially when you have a tax cap that's
21 being tied to things like a tax freeze rebate
22 check, maybe a circuit breaker check. We
23 have to make sure the tax cap is working and
24 it isn't tying the hands of local governments

1 when it comes to infrastructure.

2 The last two things I'll mention just
3 briefly. One very positive development in
4 this budget is the restoration of the Restore
5 New York program. I believe Mayor Brown,
6 from Buffalo, talked about Restore New York
7 in his comments. That was a program the
8 Legislature funded for three years, from 2006
9 to 2009, for a total of \$300 million. Hugely
10 popular and successful at helping local
11 governments deal with vacant and abandoned
12 properties.

13 In other economic-development-related
14 activities, the Governor in this budget has
15 put \$50 million towards Restore New York to
16 get the program going again, and we think
17 that's a great start. We would love to see
18 the Legislature at least double that amount.
19 There's tremendous needs across the state;
20 almost every community across the state has
21 an abandoned property problem that is left in
22 the laps of the local governments.

23 And then the last thing is -- a
24 question was asked earlier if there's some

1 low-hanging fruit as it relates to mandate
2 relief which -- almost all mandate relief
3 somehow gets high -- is not low-hanging.
4 There's always somebody on the other side of
5 the issue. But the one that I would point
6 out, it's in our testimony, is the asbestos
7 notification fee that local governments have
8 to pay the Department of Labor.

9 The Legislature actually passed three
10 separate bills last year that would have
11 waived -- in varying ways would have waived
12 that fee for local governments when a local
13 government's coming in, not because they want
14 to, but because they have to come in and deal
15 with a vacant abandoned property, either tear
16 it down or abate a problem. And it doesn't
17 make sense for the local government to have
18 to pay a fee to the Department of Labor. We
19 think in those circumstances that fee should
20 be waived.

21 The Governor in the veto messages for
22 those three bills said let's deal with it in
23 the context of next year's budget. Well,
24 here we are. We think the cost to the state

1 would be somewhere in the \$3 million to
2 \$5 million range, but for individual local
3 governments it would mean the difference
4 between addressing four versus 10 abandoned
5 properties in their community by not having
6 to pay a \$4,000 asbestos abatement fee to the
7 state.

8 So with that, I will save my
9 45 seconds for any questions you may have,
10 and thank you for your attention.

11 CHAIRMAN FARRELL: Thank you very
12 much.

13 Questions? Mr. Otis.

14 ASSEMBLYMAN OTIS: Two questions.

15 First, you mentioned the marked
16 decline in reserve funds for municipalities.
17 Have you at all tracked downgrading of bond
18 ratings associated with the lower reserves?
19 Generally that leads to a downgrading from
20 Moody's or the other services.

21 MR. BAYNES: I have not closely,
22 Assemblyman Otis. But I do know, for
23 example, in the Comptroller's fiscal warning
24 system that he has, that is one of the first

1 things they look at. If there's a consistent
2 decline in fund balance from year to year in
3 a municipality, that's a real red flag that
4 they're heading for fiscal problems.

5 So how it's affected bond ratings, I
6 can't say. But there's certainly a trend
7 towards using fund balance, and it's
8 something that the State Comptroller has
9 identified as a bad practice.

10 And our members have said -- in our
11 survey they'll say to us: We don't want to
12 do this, but we have to eat into fund balance
13 just to stay under the cap and to do what we
14 have to do. When you have costs that are
15 rising in the 10 to 20 percent range having
16 to do with health insurance and pensions,
17 you're not getting state aid from the state,
18 that's what you have to do, sometimes, is go
19 into the fund balance.

20 ASSEMBLYMAN OTIS: And if their bond
21 rating goes down, their costs of borrowing
22 clearly go up. So it costs the taxpayers a
23 second time.

24 MR. BAYNES: Yes.

1 ASSEMBLYMAN OTIS: Thank you for your
2 comments on infrastructure. And a lot of the
3 mayors who spoke earlier focused on that, so
4 that's something we're hopeful we can --

5 MR. BAYNES: I know you've asked the
6 question to most of the speakers about a
7 program you're working on, Assemblyman.

8 I think any kind of money that would,
9 even if it was seed money, grant money to
10 help, as I said, gap-finance these kind of
11 projects that right now that the
12 out-of-pocket expense for local governments
13 to deal with -- stormwater mandates from the
14 state or the federal government -- it's very
15 difficult for them to do. But a state
16 partnership in that would make a huge
17 difference.

18 ASSEMBLYMAN OTIS: Peter, thank you.
19 Thank you, Barbara.

20 CHAIRMAN FARRELL: Thank you.
21 Senator Krueger?

22 SENATOR KRUEGER: Hi. This actually
23 is a question for the Association of Mayors,
24 the Counties, and the Towns -- not to answer

1 it right now.

2 But we keep hearing, and from various
3 mayors who were here today also, that
4 New York State disproportionately puts costs
5 on the local government in an unprecedented
6 way, compared to other states, on lots of
7 different programs. And I'm wondering
8 whether any of you or all of you have seen
9 some kind of comparison between New York and
10 other states.

11 Because I think it would be very
12 valuable to support your arguments, which I
13 do support your arguments, in showing that
14 we're out of the norm here in Albany in how
15 we require the local governments to pick up
16 shares of costs on so many programs that
17 other states don't.

18 MR. BAYNES: Actually, there's a
19 professor at Cornell University, Mildred
20 Warner, who's very highly regarded in the
21 local government service provision academia
22 world. She's done studies around the country
23 and the world.

24 She actually -- and I'd be happy to

1 get it to you, all of you -- she did a study
2 of what she called decentralization in each
3 state which shows how much -- to what degree
4 does the state push down costs and service
5 provision to the local level, and I believe
6 New York State was number one out of the
7 50 states.

8 SENATOR KRUEGER: I would love to see
9 that study, if you could ask her to send it
10 along.

11 MR. BAYNES: She has her own website
12 also, mildredwarner.org. There's a lot of
13 tremendous local-government-related
14 information on there having to do with a lot
15 of things we talked about today.

16 SENATOR KRUEGER: Great.

17 And for the other associations, if you
18 have other sources to send, please send them
19 along. I think we'd all be interested.
20 Thank you very much.

21 MR. BAYNES: Sure.

22 CHAIRMAN FARRELL: Thank you.

23 MR. BAYNES: Thank you.

24 CHAIRMAN FARRELL: Dorothy Goosby,

1 president, and Edmond Theobald, member of the
2 executive committee, Association of Towns of
3 the State of New York, to close.

4 MR. GEIST: Good afternoon, Chairman
5 Farrell, Chairman DeFrancisco. My name is
6 Gerald Geist. I'm the executive director of
7 the Association of Towns and a retired town
8 councilman from the Town of North Castle,
9 Westchester County.

10 I want to thank you for this
11 opportunity to appear before you once again
12 to share our thoughts from the towns'
13 perspective on the executive budget. With me
14 today is our association president on my
15 right, Dorothy Goosby, who is from the town
16 of Hempstead, a town councilwoman in Nassau
17 County, and on my left is Executive
18 Committeemember Ed Theobald, who is town
19 supervisor of the Town of Manlius in
20 Onondaga County.

21 As you are well aware, towns range in
22 size and classification from densely
23 populated urban towns like Hempstead to
24 medium-sized towns such as Manlius and

1 sparsely populated towns up in the
2 Adirondacks. One thing we know is that local
3 governments are effectively managing their
4 tax dollars responding to needs of their
5 citizens and getting the job done.

6 What we hear from our members is that
7 New York needs to spend more money on public
8 works, which comes as no surprise given the
9 past two winters. If we don't do anything
10 else this year, we should really focus on
11 this infrastructure issue with the bank
12 settlement funds.

13 We have a once-in-a-lifetime
14 opportunity to provide a real service to help
15 all New Yorkers where the need is the
16 greatest. As I travel throughout the state,
17 there's only one unified message I hear all
18 over: Please help us repair our bridges,
19 repair our roads, repair our culverts so that
20 our people at home can get to work, go to
21 school, and make this a more productive
22 state.

23 You will hear more about this from
24 President Goosby and Supervisor Theobald in a

1 few minutes. But from our point of view,
2 let's not squander this once-in-a-lifetime
3 opportunity to provide a real burst of energy
4 to local government.

5 Property taxes. Property taxes have
6 been a concern of all of us for years, and
7 our members take great care to ensure that
8 their taxpayer dollars are spent wisely.
9 Towns have been sharing services and cutting
10 costs for years -- more than ever, towns are
11 doing more with less.

12 And with regard to the tax freeze, we
13 are finding and hearing every day why should
14 towns who have been doing shared services for
15 years be penalized for being creative and
16 creating savings of tax dollars, creating
17 better services for their citizens, because
18 the Division of Budget only wants to have to
19 look back to 2012? We shouldn't penalize
20 town, village, and city officials who have
21 been creative in saving money for years but
22 have benefited all New Yorkers.

23 Well before the advent of the property
24 tax cap in 2011, town officials were working

1 diligently to keep their property taxes
2 manageable. Given our efforts to keep
3 property taxes low, it's not surprising to
4 learn that town property taxes only account
5 for 10 percent of property taxes paid.

6 Town officials understand the need for
7 property tax relief. That is why town
8 officials strive to provide quality services
9 efficiently. What we need to do this year is
10 when we consider the extension of the tax
11 cap, we should really look at opportunities
12 to carve out exceptions that we already heard
13 about today, because the struggles of local
14 government such as emergency expenditures or
15 court-ordered certiorari settlement fees
16 shouldn't be an imposition, as in detraction,
17 on how towns manage their budget.

18 We're also concerned about the level
19 funding of AIM and the CHIPS program. Having
20 it level means we're still a step behind.
21 And we would like you to consider -- to
22 increase that to meet the needs in these very
23 serious times.

24 We also are here to say to you we want

1 to thank you for your efforts in keeping in
2 mind the interests of towns, cities,
3 villages, and the counties when you
4 deliberate. What we're here to say to you
5 basically is this. We want to be true
6 partners with the state Legislature and the
7 Governor to come up with a rationale and a
8 way of meeting the needs of all our citizens,
9 and we stand ready to do that with you this
10 year and every year. Please feel free to
11 call upon us so we can help work with you to
12 provide better services for New Yorkers.

13 And with that, I don't want belabor
14 any more of your time today. I'm going to
15 turn it over to President Goosby for a few
16 minutes.

17 MS. GOOSBY: Greetings to the Senate
18 Finance chair, Senator John DeFrancisco, and
19 Assembly Ways and Means Chair Denny Farrell,
20 and to the ranking members, Liz Krueger -- I
21 think she left -- and also Assemblyman Bob
22 Oaks. Greetings to all of the other Senators
23 and Assemblymembers here today.

24 I am town of Hempstead Councilwoman

1 Dorothy Goosby. Our township is the largest
2 in New York State. As a matter of fact, it's
3 the largest in the nation. It is home to
4 nearly 800,000 residents.

5 I'm also the president of the
6 Association of Towns of the State of
7 New York, an organization dedicated to
8 helping town officials obtain greater economy
9 and efficiency for the nearly 8 million
10 people who live in New York towns.

11 The Town of Hempstead maintains
12 30 percent of the road miles in Nassau
13 County, for a total of 1,200 centerline miles
14 with more than 4,500 uniquely named streets.
15 The Town of Hempstead is responsible for the
16 installation and maintenance of 375,000
17 street and traffic control signs and 50,000
18 street lights.

19 There are 278 bridges in the Town of
20 Hempstead. The average daily traffic for our
21 bridges is 17.8 million vehicles. More than
22 330,000 of those are trucks. The average age
23 of original bridges in the Town of Hempstead
24 is 60 years old. For those that have been

1 rebuilt, the average age is 42 years.

2 Local infrastructure is in crisis.

3 Our roads and bridges are crumbling beneath
4 our tires. Our water and wastewater systems
5 are decades beyond their useful life with
6 clay and wooden pipes rupturing beneath our
7 feet. Storms such as Sandy, Irene, and Lee
8 have exacerbated the problems inherent in
9 these aging systems. While some communities
10 are dealing with aging infrastructure, other
11 communities are in dire need of new
12 facilities to provide clean drinking water.

13 In September, Comptroller DiNapoli
14 issued a report highlighting the growing and
15 urgent need to fund our local infrastructure
16 systems. He found that municipalities
17 outside of New York City should be spending
18 \$4 billion a year on roads, bridges, water
19 and sewer systems. Unfortunately, we are
20 spending less than a third of that.

21 Financially strapped local
22 governments, operating under the tax cap, do
23 not have the resources needed to make
24 critical repairs on necessary improvements.

1 While we are grateful that the Executive
2 Budget does not propose to cut or eliminate
3 funding for local roads and bridges, funding
4 for the CHIPS program is flat. There is an
5 existing program that should be infused. It
6 is an additional program that should be
7 infused with additional funding from the bank
8 settlement funds to distribute more funding
9 for local roads and bridges.

10 We respectfully request that you
11 reevaluate the allocation of the
12 supplementary fund and dedicate a portion to
13 increasing funding for the CHIPS program.
14 Every dollar not funded through CHIPS must be
15 raised locally.

16 In addition, we need to help provide
17 clean drinking water and proper wastewater
18 treatment. We are therefore requesting that
19 some of the settlement funds also be used for
20 local water and wastewater treatment systems.
21 Clean drinking water is essential to
22 attracting businesses and raising healthy
23 children. The Governor is proposing to
24 increase funding for education, which is

1 important, but children also need clean
2 drinking water to keep them healthy so they
3 can learn and safe roads to get to school.

4 We have a unique opportunity to use
5 record surpluses and bank settlement funds to
6 get people back to work, preserve our public
7 health, and grow our economy. Newspaper
8 editorials, elected officials, state
9 agencies, businesses, taxpayers and advocates
10 have all said that these funds should be used
11 in improving our infrastructure.

12 We look to you -- we look to you, as
13 you negotiate the budget, to redirect a
14 significant portion of these funds to
15 improving our infrastructure. The cost of
16 not using these funds to improve our
17 infrastructure today will cost us more
18 tomorrow in increased construction costs,
19 lost jobs, lower tax revenues, and decreased
20 public health.

21 I have one more -- I'll let you go
22 first -- I have one more thing to say after
23 you finish.

24 MR. THEOBALD: Okay. Thank you,

1 Dorothy. Thank you, Gerry.

2 Good evening, everyone. Once again, I
3 would like to thank Senate Finance Committee
4 Chairman DeFrancisco and Assembly Ways and
5 Means Chairman Farrell and distinguished
6 legislators for giving me the opportunity to
7 speak with you today on behalf of the
8 Association of Towns.

9 As much as I would like to address
10 some of my concerns which I spoke of last
11 year regarding our resistance to the
12 Governor's property tax freeze rebate and
13 proposed circuit breaker program, I instead
14 would like to focus on our town's
15 infrastructure needs, which I hope generate a
16 more positive result.

17 Last year I was asked by Executive
18 Directory Gerry Geist if I would represent
19 our towns at a press conference organized by
20 Syracuse Mayor Stephanie Miner. We stressed
21 that the \$5 billion bank settlement funds
22 should be used to fund local infrastructure.
23 We were joined by Senator DeFrancisco and
24 other municipal leaders and business

1 dignitaries who also stated their ideas and
2 needs for this financial assistance.

3 The Town of Manlius maintains
4 109 miles of roads, including plowing another
5 11 miles of Onondaga County -- a shared
6 service, I might add. It is estimated that
7 our cost to pay one mile of road is roughly
8 \$220,000. This does not include the cost of
9 labor, trucks, pavers, and roller fuel
10 maintenance. Our general road summer budget
11 for hiring contractors and purchasing asphalt
12 is nearly \$1 million.

13 So a little math -- I know it's
14 late -- but at a cost of \$222,000 per mile,
15 this means that the town can roughly build
16 4.4 miles of road per year. Bottom line is
17 that with 109 miles of road to maintain, it
18 will take over 24 years to rebuild each
19 road-mile in our town.

20 And New York State currently
21 recommends a 12-year rebuild schedule. This
22 means that our budget is approximately half
23 of where it needs to be to keep our roads
24 well-maintained.

1 unsuccessfully.

2 This is a health and safety issue.
3 With a new tower, they have the ability to
4 extend their water service to other nearby
5 municipalities and would also open up
6 opportunities for new residential and
7 commercial development.

8 Clay, our largest town in Onondaga
9 County, has 170 miles in their town, which
10 are in various stages of decay and have the
11 same issues as we do in Manlius. There is
12 also a call from the DEC and the EPA to
13 insure that sanitary waste is properly
14 disposed of and not allowed to reach out and
15 into the ground in our communities or
16 overflow into storm drains, ultimately
17 polluting the streams, rivers, and lakes
18 bordering their community. Just identifying
19 these problems is forcing them to budget
20 almost \$100,000 a year for the next 20 years
21 plus, and this is just to identify the
22 problem.

23 So it is not just roads and bridges
24 infrastructure that we deal with. Our

1 highway department estimates that more than
2 two-thirds of calls to them are concerns
3 pertaining to water and drainage. Our budget
4 for drainage problems has been around \$40,000
5 per year. This covers the typical yearly
6 maintenance of various drainage issues but is
7 nowhere near enough to rebuild these sections
8 of deteriorating pipes.

9 I ask you, then, to please consider
10 this \$5 billion windfall be used where it is
11 mainly needed, and that is towards local
12 government infrastructure, where it belongs.

13 Thank you.

14 CHAIRMAN FARRELL: Thank you.

15 MS. GOOSBY: May I just -- I must do
16 this, because my heart is telling me I have
17 to do it.

18 I know many of you have never been to
19 the Town of Hempstead. Neither of you have
20 ever come to the Village of Hempstead. But
21 we are in a dire crisis in the Village of
22 Hempstead.

23 I have two -- I have photographs that
24 I wish to give -- I couldn't make them for

1 everybody, because they're quite -- this is
2 heavy and expensive. One for you,
3 Assemblyman Farrell, and one for you,
4 Senator DeFrancisco.

5 It shows the schools that the kids in
6 Hempstead are attending. We have schools
7 where the children are in pods or trailers,
8 whatever you want to call them. They're in
9 such bad shape the kids can't even, when they
10 go to school, the teachers have to bring in
11 blankets for them to sit on. The kids are
12 sitting in there with their coats on, and
13 when it's cold like this they can't flush the
14 toilets because the pipes are frozen.

15 This is the situation that we have.
16 We have some 60 children in one classroom --
17 60. And some of the kids are attending
18 school in the basement.

19 I know that Deputy Speaker Hooper has
20 said this. She's trying to get money for the
21 schools. We need it desperately. And what
22 makes it even worse for us? We have various
23 developers who are coming into the village
24 where we have so many vacant apartments --

1 there's no need for any more to be built.

2 We have one who's done a
3 bait-and-switch, he wants to come in, put up
4 two five-story buildings on a parking lot.
5 We were not able to speak because the public
6 could not participate when they had the
7 meeting with the planning board. There's
8 absolutely no way he has any -- any place to
9 put these other children who are coming in,
10 and 336 apartments.

11 In addition, we have over 1500 of the
12 youngsters who came in from the other
13 countries. We have no place to put them. We
14 have 60 kids in a classroom already. This
15 developer does not need to come and make
16 money off of people who cannot afford what
17 they have already.

18 In my office I take care of so many
19 social problems, especially our people who
20 are seniors. They don't know what to do. If
21 he brings this building in, he's going to
22 move out Helen Keller -- you know, Helen
23 Keller's for the blind, it's been there
24 forever. We have a senior citizen's center,

1 thank you for your help.

2 MR. GEIST: Any questions?

3 CHAIRMAN DeFRANCISCO: I don't think
4 there's any questions. We get the point.
5 And we appreciate the testimony.

6 And this meeting is now adjourned
7 until 10 a.m. tomorrow morning, when we can
8 do it all again.

9 MS. GOOSBY: Thank you. Thank you
10 very much.

11 Could anyone give this to them?

12 (Whereupon, at 6:18 p.m., the budget
13 hearing concluded.)

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