

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
2018-2019 EXECUTIVE BUDGET
ON LOCAL GOVERNMENT OFFICIALS/
GENERAL GOVERNMENT

5 -----

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

8 February 5, 2018
9 10:10 a.m.

10 PRESIDING:

11 Senator Catharine M. Young
12 Chair, Senate Finance Committee

13 Assemblywoman Helene E. Weinstein
14 Chair, Assembly Ways & Means Committee

15 PRESENT:

16 Senator Liz Krueger
17 Senate Finance Committee (RM)

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

20 Senator Diane J. Savino
21 Vice Chair, Senate Finance Committee

22 Assemblyman Michael Benedetto
23 Chair, Assembly Cities Committee

24 Assemblyman B. Magnarelli
Chair, Assembly Committee on Local Governments

Senator Simcha Felder
Chair, Senate Committee on Cities

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

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4 PRESENT: (Continued)

5 Assemblyman Michael J. Cusick

6 Senator Roxanne J. Persaud

7 Assemblyman David Weprin

8 Assemblywoman Catherine T. Nolan

9 Assemblyman Jeffrion L. Aubry

10 Senator Gustavo Rivera

11 Assemblywoman Nicole Malliotakis

12 Assemblywoman Rebecca Seawright

13 Assemblyman Robert Carroll

14 Assemblyman Walter T. Mosley

15 Assemblywoman Nily Rozic

16 Senator Brad Hoylman

17 Assemblyman Erik M. Dilan

18 Assemblyman David Buchwald

19 Senator Brian Benjamin

20 Assemblyman Luis Sepulveda

21 Assemblyman Félix Ortiz

22 Senator Kemp Hannon

23 Assemblyman Sean M. Ryan

24 Senator James Tedisco

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4 PRESENT: (Continued)

5 Senator Andrea Stewart-Cousins

6 Assemblyman Christopher S. Friend

7 Assemblyman John T. McDonald, III

8 Assemblyman Ron Castorina, Jr.

9 Assemblywoman Shelley Mayer

10 Senator Thomas D. Croci

11 Assemblywoman Patricia Fahy

12 Assemblyman Steven Otis

13 Senator Elaine Phillips

14 Assemblywoman Monica P. Wallace

15 Assemblyman Edward C. Braunstein

16 Assemblyman James Skoufis

17 Senator Brian Kavanagh

18 Assemblyman Dan Stec

19 Assemblyman Michael Blake

20 Senator John E. Brooks

21 Assemblywoman Crystal D. Peoples-Stokes

22 Assemblywoman Carrie Woerner

23 Senator Fred Akshar

24

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1 CHAIRWOMAN WEINSTEIN: Good morning,
2 everyone. I'm Helene Weinstein, chair of the
3 New York State Assembly's Ways and Means
4 Committee and cochair of today's hearing.

5 Today we begin the eighth in a series
6 of hearings conducted by the joint fiscal
7 committees of the Legislature regarding the
8 Governor's proposed budget for fiscal year
9 2018-2019.

10 The hearings are conducted pursuant to
11 the New York State Constitution and the
12 Legislative Law. Today the Assembly Ways and
13 Means Committee and the Senate Finance
14 Committee will hear testimony concerning the
15 Governor's budget proposal for local
16 governments.

17 I will now introduce the members from
18 the Assembly, and Senator Young in a few
19 moments will introduce the Senate Finance
20 Committee members. And our ranker,
21 Assemblyman Bob Oaks, on Ways and Means will
22 introduce the members from his conference.

23 So let me just -- I'm not sure if
24 anybody snuck in. But we have, from the

1 Assembly, our Cities chair, Assemblyman Mike
2 Benedetto; our Local Governments chair,
3 Assemblyman Magnarelli. We have
4 Assemblywoman Rozic, Assemblyman Cusick,
5 Assemblyman Carroll, Assemblywoman Nolan,
6 Assemblywoman Seawright, Assemblyman Mosley,
7 Assemblyman Sepulveda, Assemblyman Ortiz,
8 Assemblyman Buchwald and Assemblyman Ryan.

9 Mr. Oaks?

10 ASSEMBLYMAN OAKS: Yes, we also have
11 Assemblywoman Malliotakis and Assemblyman
12 Castorina.

13 SENATOR KRUEGER: Hi. I'm Senator Liz
14 Krueger, on behalf of Cathy Young, who's
15 running a little late.

16 We have with us today the chair of the
17 Local Government Committee, Kathy Marchione;
18 the chair of the Cities Committee, Simcha
19 Felder; Brian Benjamin, Roxanne Persaud,
20 Gustavo Rivera, Kemp Hannon, Elaine Phillips,
21 Diane Savino, and Brad Hoylman.

22 CHAIRWOMAN WEINSTEIN: Before
23 introducing our first witness, I'd like to
24 remind all of the witnesses testifying today

1 to keep your statement within your allotted
2 time limit so that everyone can be afforded
3 the opportunity to speak. And particularly
4 for the witnesses whose testimony has been
5 submitted in writing, you'll be made a part
6 of the record. And those that emailed it,
7 likewise. So there's no reason to read your
8 testimony verbatim. In fact, we'd prefer a
9 summary as we move forward.

10 And just a reminder to both members
11 and witnesses to keep your eye on the clock
12 so that everyone has an opportunity to ask
13 questions.

14 We did send a notice around to the
15 Assembly members noting that the mayor needed
16 to leave at 1 p.m., so let's try and get as
17 close to that goal as possible.

18 Senator Young, Senator Krueger already
19 introduced the members. But do you have some
20 opening remarks?

21 CHAIRWOMAN YOUNG: Good morning.

22 MAYOR DE BLASIO: Good morning.

23 CHAIRWOMAN YOUNG: The roads were a
24 bit dicey coming from the western regions of

1 the state, so I apologize for being a couple
2 of minutes late.

3 But I do want to welcome you, Mayor.
4 So glad to have you here this morning, bright
5 and early, and very much look forward to your
6 testimony.

7 MAYOR DE BLASIO: Thank you.

8 CHAIRWOMAN WEINSTEIN: So Mayor de
9 Blasio, the floor is yours.

10 MAYOR DE BLASIO: Thank you, Chair
11 Weinstein and Chair Young, so much. I want
12 to thank also the ranking minority members
13 Senator Krueger and Assemblyman Oaks, and I
14 want to thank the leaders of this
15 Legislature, Assembly Speaker Heastie,
16 Majority Leader Flanagan, Senate Democratic
17 Conference Leader Stewart-Cousins, IDC Leader
18 Klein, and Assemblymember Minority Leader
19 Kolb. My thanks to all the members here as
20 well today.

21 And I'm joined by two key members of
22 my team, our new director of the Office of
23 Management and Budget, Melanie Hartzog, and
24 our new Director for State Legislative

1 Affairs Simonia Brown.

2 I want to begin by thanking the
3 Legislature on behalf of all 8.5 million
4 New Yorkers. Over the past four years,
5 New Yorkers have seen change happen quickly,
6 and that is thanks in large measure to our
7 work with this Legislature. Together we have
8 given 70,000 children a strong Head Start in
9 life through pre-K for all, together we've
10 helped people throughout the five boroughs to
11 stay in the neighborhoods they helped to
12 build, and together we've saved lives and
13 prevented tragedies by expanding Vision Zero.
14 Together we have certainly made New York City
15 safer, stronger and fairer.

16 Now I want to turn to the city's
17 fiscal year 2019 preliminary budget, which I
18 presented last week, and it included some
19 important but modest new investments. And
20 these were undertaken with one singular goal
21 in mind, to make New York City the fairest
22 big city in America.

23 These investments include \$200 million
24 for heating upgrades to the 20 New York City

1 Housing Authority developments most in need,
2 \$12 million for the rollout of body-worn
3 cameras to all NYPD officers on patrol -- one
4 year ahead of schedule -- and \$7 million for
5 additional staff to implement new tenant
6 harassment prevention laws enacted in
7 partnership with the City Council.

8 As always, our budget is balanced and
9 based on careful management of our resources,
10 which is particularly important given what we
11 are seeing in Washington. Without further
12 action from Washington, federal policies
13 could have a minimum of a \$700 million
14 negative impact on our fiscal '19 New York
15 City budget. This includes the cuts to DSH,
16 or Disproportionate Share Hospital payments,
17 that would cost our Health & Hospitals
18 Corporation \$400 million annually; a
19 corporate tax rate cut in the new tax law
20 that will make the Low-Income Housing Tax
21 Credit less valuable -- that will add about
22 \$200 million a year in capital dollars to our
23 bottom line, making affordable housing
24 production more expensive. And the new tax

1 law eliminates a form of bond refinancing we
2 use to save money. The estimated cost will
3 be \$100 million a year.

4 There are also negative consequences
5 for our residents' bottom line. The new tax
6 law of course caps the state and local tax
7 deduction and eliminates the personal
8 exemption. This means hundreds of thousands
9 of New Yorkers, most earning less than
10 \$100,000, will pay more taxes. And I want to
11 commend the Governor for trying to find ways
12 to blunt the effects of the new tax law, and
13 I look forward to working with him and all of
14 you on solutions.

15 In addition to the tax law, we are
16 also anticipating a new budget proposal from
17 the Trump administration in the coming weeks,
18 and that will likely be as painful as the
19 last one.

20 Now I want to turn to the Governor's
21 Executive Budget. Last year I made the point
22 that New York succeeds when New York City
23 succeeds, and vice versa -- and that is even
24 more important now. There are key items in

1 the Executive Budget that are positive for
2 our state and our city.

3 I've been speaking for years about the
4 urgent need for election reform. All
5 New Yorkers should be glad that early voting
6 and same-day registration are in the
7 Executive Budget, and I want to applaud the
8 Assembly Democratic Conference's past work on
9 this issue. Exercising the fundamental right
10 to vote is just too difficult in our state,
11 and 2 million New Yorkers, 1 million of them
12 in the city, aren't even registered. I urge
13 the Legislature to include early voting and
14 same-day registration in the enacted budget,
15 and please also include other critical
16 reforms: No-excuse absentee ballots,
17 electronic poll books, and preregistration
18 for 16- and 17-year-olds.

19 It's also important that the DREAM Act
20 is in the Executive Budget, given what's
21 happening in our country. And New York State
22 can lead by example by helping all of our
23 students. And I urge you to include the
24 DREAM Act in the enacted budget.

1 On criminal justice, we are pleased
2 that the Governor included bail reform and
3 speedy trials in his Executive Budget. This
4 will help reduce the population in city jails
5 and accelerate our efforts to close Rikers
6 Island.

7 For the first time in 85 years, we
8 have made it the city's policy to close
9 Rikers Island for good, but to do so we need
10 to reduce the number of people incarcerated.
11 The city has taken prudent steps to reduce
12 our jail population by 21 percent already in
13 the last four years, bringing the number of
14 incarcerated people to under 9,000. We have
15 achieved this by driving crime to historic
16 lows, reducing arrests for low-level
17 infractions, and making a \$20 million annual
18 investment in supervised release and
19 case-delay mitigations. And we are now able
20 to close the first of the nine jails on
21 Rikers Island; that will happen in June.

22 I also support ending money bail, and
23 I think we should go further, letting judges
24 factor risk to public safety into bail

1 decisions for all cases, while providing them
2 the tools to minimize racial biases.

3 I would urge you to pass another
4 helpful legislative change that's not in the
5 Executive Budget. This would allow city
6 prisoners serving less than a year to earn
7 reduced sentences for good behavior like they
8 can in state jails. In addition, I would
9 urge the state to move state-supervised
10 parolees in city jails who violate parole
11 into available space in state correctional
12 facilities.

13 The changes I have just outlined would
14 help reduce our jail population by another
15 1800 people per day, bringing us closer to
16 our stated goal of 5,000.

17 Another key element in the closure
18 plan is the construction of necessary
19 borough-based jails. Design-build authority
20 for the construction of local correctional
21 facilities would help speed the construction
22 timeline.

23 We're also improving the culture
24 inside of the jails. Our corrections

1 officers are receiving new professional
2 development and support, and all inmates in
3 our jails now receive five hours a day of
4 therapeutic vocational and educational
5 programming. We've reduced the number of
6 people in punitive segregation by 80 percent,
7 and ended it for women and those under
8 21 years old.

9 And this spring, through our Jails to
10 Jobs program, everyone who leaves jail
11 following a city sentence will be offered a
12 transitional job.

13 Now I'd like to talk about another
14 critical step in closing Rikers Island which
15 is removing 16- and 17-year-olds. And I want
16 to thank you all for your historic vote to
17 enact Raise the Age. But I'm concerned that
18 the fiscal '19 Executive Budget makes this an
19 unfunded mandate by providing zero guaranteed
20 funding. This will cost the city at least
21 \$200 million per year.

22 The city is working hard to comply
23 with this mandate. We're renovating two
24 facilities -- Crossroads in Brownsville,

1 Brooklyn, and Horizon in Mott Haven in the
2 Bronx. For additional capacity, we need the
3 Ella McQueen Juvenile Reception Center in
4 Ocean Hill, Brooklyn, transferred to the
5 city. I urge you to help make this happen.
6 We cannot meet the October 1st deadline
7 without this center serving as our intake
8 facility.

9 The Executive Budget also defunds the
10 city's juvenile justice facilities under the
11 Close to Home program. This cut undermines
12 this signature reform designed to keep kids
13 closer to their families, and it will cost
14 the city \$15.3 million in fiscal '18 and
15 \$31 million in fiscal '19.

16 Now I'd like to discuss a number of
17 areas of concern in the Governor's Executive
18 Budget. I made it clear that the city should
19 not be required to pay half of the MTA Subway
20 Action Plan. Our current contribution to the
21 MTA is one big reason why.

22 New York City residents, workers,
23 businesses and government contribute nearly
24 70 percent of the MTA's total revenues, more

1 than \$10 billion annually. City government
2 alone makes an enormous investment in the MTA
3 already. This is comprised of \$900 million
4 annually in direct funding and a further
5 \$900 million in in-kind contributions
6 including services by the NYPD, homeless
7 outreach efforts, and debt service. This
8 represents a \$200 million increase from last
9 year.

10 And in 2015, the city committed
11 \$2.5 billion to the MTA capital plan -- the
12 largest general capital contribution in
13 history.

14 But it's clear the MTA needs a
15 long-term dedicated revenue source. I have
16 proposed a millionaire's tax to pay for
17 infrastructure and for the Fair Fare
18 Initiative, half-priced MetroCards for
19 lower-income New Yorkers. I urge that this
20 proposal be included in the enacted budget.

21 A recent panel report commissioned by
22 the Governor proposed a form of congestion
23 pricing that would serve as a dedicated
24 revenue source. I was pleased to see East

1 River Bridge tolls removed and to see the
2 inclusion of block-the-box automated
3 enforcement.

4 I also support the panel's focus on
5 commercial and for-hire vehicles. I urge the
6 Legislature to consider expediting a
7 surcharge on for-hire vehicles and an added
8 surcharge on taxis for the MTA. This would
9 even the levels of surcharge on both types of
10 vehicles and address the MTA's immediate
11 budget requests.

12 If there were a congestion pricing
13 plan, there are several measures critical for
14 New York City residents: One, a requirement
15 that all proceeds are invested in mass
16 transit projects in the five boroughs only,
17 and two, the City of New York needs the
18 ability to sign off on transit projects and
19 priorities.

20 Also, any pricing scheme for passenger
21 vehicles should take the needs of New Yorkers
22 with hardships into account, including
23 low-income New Yorkers and those with
24 disabilities.

1 Now I want to focus on some areas of
2 concern when it comes to the MTA in the
3 Executive Budget. The first is a quote,
4 unquote, value-capture proposal that would
5 grant the MTA the power to raid our property
6 taxes on properties within a one-mile radius
7 of certain projects. This proposal would
8 cost billions and blow a hole in the city's
9 budget, forcing us to cut back on essential
10 services like police, sanitation and
11 education. This should be a concern for
12 every local government.

13 I was encouraged by the Governor's
14 recent comments that portrayed this as a
15 choice for the city, not a mandate. I would
16 urge you to remove this provision from the
17 enacted budget altogether.

18 Another MTA proposal in the Executive
19 Budget that would devastate city finances is
20 the mandate that the city pay all capital
21 costs for the New York City Transit
22 Authority. That means tens of billions of
23 dollars in new capital obligations. And it
24 is based on the false premise that the city

1 is legally responsible for paying New York
2 City Transit's capital costs. Sixty-five
3 years of statutory provisions, lease
4 agreements, and funding history prove
5 otherwise. I respectfully request that you
6 reject this proposal.

7 Now I'd like to turn to the topic of
8 education. Bringing equity and excellence to
9 the city's school system has been the core
10 mission of my administration. With your
11 help, we're making sweeping reforms designed
12 to ensure every child in every grade in every
13 neighborhood fulfills their potential. These
14 include giving our kids a great start with
15 pre-K, working to bring all students to
16 reading level by third grade, and offering
17 advanced placement courses to all high school
18 students.

19 The proposed \$248 million increase in
20 education aid in the Executive Budget falls
21 short of the increases in previous years, and
22 short of what the city needs to continue to
23 bring equity and excellence to our schools.
24 Since 2008 the city's share of education

1 spending has increased to 56 percent from
2 49 percent, while the state's share has
3 declined to 36 percent from 41 percent.

4 Over two years, with your help, we
5 increased the Fair Student Funding average
6 from 88 percent to 91 percent by raising it
7 for 787 schools. Today, all Community and
8 all Renewal Schools are at 100 percent. And
9 I want to note any school that leaves Renewal
10 status remains a Community School at the
11 100 percent level.

12 But the state Campaign for Fiscal
13 Equity obligation still has not been
14 fulfilled. If the state fulfills its CFE
15 commitment, we will use that funding to get
16 every school to 100 percent by fiscal '22.

17 Especially problematic in the
18 Executive Budget is a provision that gives
19 the State Division of Budget a virtual veto
20 on school district spending. This could lead
21 to arbitrary decisions and could jeopardize
22 the Equity and Excellence vision that we know
23 is working. We join the State Education
24 Department and school districts statewide who

1 are concerned about this measure, and we ask
2 that you do not tie up much-needed resources
3 for our students through added layers of
4 bureaucracy.

5 The Executive Budget also shifts a
6 variety of charter school costs to New York
7 City alone. In fiscal '19, these costs
8 amount to more than \$144 million currently
9 borne by the state. The costs are comprised
10 of \$120 million from the elimination of state
11 reimbursement for supplemental basic tuition
12 to charter schools, and \$24 million from a
13 proposed cap in reimbursement for the rental
14 costs paid to charter schools.

15 The state made a commitment to fund
16 the additional tuition and a portion of the
17 rental support in the past. The state should
18 continue to pay those costs rather than
19 placing an unfunded mandate on the city.

20 The Governor's Executive Budget would
21 also make an arbitrary funding cut of
22 \$65 million in fiscal '19 to special
23 education. Last year this funding supported
24 200,000 special ed students. And at a time

1 when the city is making significant
2 investments in our child welfare system, the
3 state proposes to cap reimbursements for
4 state child welfare funding. The cap is
5 aimed just at New York City and has a
6 potential impact of \$64 million in fiscal '18
7 and \$129 million in fiscal '19. And this
8 would harm our efforts to keep kids with
9 their families and out of foster care.

10 Now I'd like to turn to the
11 homelessness crisis. We've made
12 unprecedented efforts to address
13 homelessness, including access to counsel for
14 all New Yorkers in housing court; outreach to
15 street homeless through HOME-STAT, the most
16 comprehensive outreach program of any major
17 city in the country; and working towards a
18 smaller, borough-based shelter system.

19 And we are seeing progress. We have
20 moved 60,000 New Yorkers from shelter to
21 permanent housing. And we know HOME-STAT is
22 working. Since 2015, we have moved nearly
23 1500 people off the streets who have not
24 returned to the streets. Rather than

1 proposing to withhold city shelter funding,
2 the state should support our outreach
3 efforts.

4 The state's Executive Budget also cuts
5 \$9 million from the city's rental assistance
6 program for working families, LINC 1. This
7 will literally make it harder for 1800
8 New Yorkers in shelters to find permanent
9 housing, and I urge the Legislature to
10 restore this cut.

11 Before I conclude, there are just a
12 few issues not in the budget that we think
13 deserve your attention. One, design-build
14 has accelerated dozens of state
15 infrastructure projects and saved taxpayers
16 billions. New York City's taxpayers deserve
17 the same advantage.

18 Here are two examples of projects that
19 we could complete more quickly and
20 efficiently if we had this design-build tool:
21 One, the major rehabilitation of the BQE
22 triple cantilever that 15,000 large trucks
23 pass over on a typical day. And two, the
24 installation of crucially needed new boilers

1 in public housing developments.

2 While we're on the topic of public
3 housing, my administration came into office
4 dedicated to reversing decades-long
5 disinvestment, and we have made unprecedented
6 investments, including \$1.9 billion in
7 capital spending for roof replacement,
8 benefiting 179,000 residents, facade repair
9 at 364 buildings, and security improvements
10 at the 15 most dangerous developments that
11 have yielded a much safer environment.

12 This winter we added \$200 million in
13 capital to upgrade heating systems at the
14 20 developments with the most severe heating
15 problems. This will add up to a total
16 capital investment by the City of New York of
17 \$2.1 billion, which is unprecedented in the
18 history of the city. Now I'm asking for your
19 support in matching the city's \$200 million
20 investment in heating systems.

21 We're also investing \$9 million in
22 capital and \$4 million in expense for rapid
23 response teams and mobile boilers to address
24 the immediate heating crisis and to keep our

1 residents warm. In addition to our capital
2 investment in NYCHA, the city has made
3 \$1.6 billion in investments in operating
4 expenses.

5 One other important issue that is not
6 in the Executive Budget, Civil Rights Law
7 Section 50-a, which prohibits the disclosure
8 of personnel records of law enforcement or
9 other uniformed personnel without a court
10 order or an employee's written consent. We
11 have introduced a bill that would allow the
12 NYPD to post all pertinent disciplinary
13 information, a summary of the judge's
14 decision, and the police commissioner's final
15 determination on the NYPD website at the
16 conclusion of an administrative disciplinary
17 process. I urge you to support this bill.

18 Finally, I want to mention the city's
19 critical lifesaving speed camera program that
20 you worked so hard to pass expires this
21 year. Let's not just extend it, let's expand
22 it and loosen location restrictions to cover
23 all the streets surrounding our schools.

24 I want to thank you all for what we

1 have done together for the great work that
2 you have done in support of the people of
3 New York City. I want to thank you for the
4 partnership. And as I begin a new term, I
5 want to say I look forward to four more years
6 of working together.

7 Thank you, Madams Chair.

8 CHAIRWOMAN WEINSTEIN: Thank you,
9 Mayor.

10 Before we move on to questioning, I
11 just wanted to say we've been joined by
12 Assemblymembers Dilan, Braunstein, Blake and
13 Aubry.

14 And now to our Cities chair,
15 Assemblyman Benedetto.

16 ASSEMBLYMAN BENEDETTO: Mr. Mayor,
17 good morning, and thank you again for being
18 here.

19 I notice in your testimony you address
20 design-build, and you mention in your
21 testimony the BQE project. Which as I
22 understand it -- and confirm for me if I'm
23 wrong -- if it's not done fairly quickly, it
24 just has to begin, and you will not have the

1 opportunity to use design-build. Am I
2 correct in that assessment?

3 MAYOR DE BLASIO: Yes, we have to move
4 soon on the BQE. It's one of the most vital
5 arteries in the entire city. And that triple
6 cantilever area needs work in the next few
7 years. But unless design-build authority is
8 given to the city, we would be doing that
9 work in a much slower and more costly fashion
10 than necessary.

11 ASSEMBLYMAN BENEDETTO: And according
12 to your testimony, you're talking 15,000
13 large trucks. It's my understanding, without
14 this project getting going, trucks will have
15 to be banned from the BQE and sent into local
16 streets, causing quite a mess in those
17 streets. Am I correct on that one too?

18 MAYOR DE BLASIO: I think you're
19 correct. And there's no other way to say it,
20 that there's literally no good alternative to
21 the BQE, given the amount of volume it
22 handles, which is crucial for the whole city
23 and state. And if we can't fix it properly,
24 if the work takes a lot longer than it has

1 to, we're talking about all that traffic
2 having to go somewhere. It's either going to
3 congest our highways further, or it's going
4 to end up in some cases on local streets,
5 which is the worst of all situations.

6 ASSEMBLYMAN BENEDETTO: It's going to
7 take a lot longer than it has to. Can you
8 give me an estimate on without design-build
9 how long it will take and how long you would
10 take if you do use design-build?

11 MAYOR DE BLASIO: I want to be
12 exacting, and I'll check our budget director.
13 Do you have that handy? Otherwise, we will
14 come back with it quickly.

15 We're going to come back with that
16 quickly. We want to make sure we have the
17 accurate number for you.

18 ASSEMBLYMAN BENEDETTO: No problem.

19 And also the second part of that will
20 be the cost saving. Do we have an estimate
21 on the cost saving using design-build?

22 MAYOR DE BLASIO: We will get both the
23 cost savings -- I think they're working on it
24 as we speak, Assemblymember -- cost savings

1 and the time.

2 ASSEMBLYMAN BENEDETTO: Lastly on the
3 design-build issue, some of the problems
4 we've had getting design-build passed stem
5 from objections from trade unions, objections
6 from women- and minority-owned businesses not
7 being included. Can you lastly address that
8 issue? What has the city done to make that
9 more palatable, if you would?

10 MAYOR DE BLASIO: Assemblymember,
11 the -- first of all, although I'm familiar
12 with some of the objections, I would say
13 considering that the state grants itself this
14 own capacity, as a matter of consistency, our
15 city is 43 percent of the state's population,
16 we're obviously one of the engines of the
17 state economy. So I would immediately say if
18 those issues were resolved enough so that the
19 state could give itself the authority, it
20 seems only fair to give the city the
21 authority as well.

22 Obviously we want to work with the
23 labor community and with minority- and
24 women-owned businesses. We have a 30 percent

1 MWBE procurement goal now in New York City
2 that we are very aggressively pursuing.
3 We've had other instances where we sat down
4 with those constituencies to work out ways to
5 make these new approaches work better for
6 them. I would happily do that.

7 But we have to save the taxpayers a
8 huge amount of money, and we have to speed up
9 our capital projects. There's tremendous
10 frustration when those projects drag on. And
11 I think we can do that while also being fair
12 to labor and to MWBEs.

13 Now, I want to make sure I've got this
14 right. We believe, in the case of the BQE
15 cantilever specifically, that design-build
16 authority would shave two years off the
17 construction of that project -- two full
18 years, the difference of having the BQE open
19 and fully functional versus shut down in that
20 area.

21 The savings of this one project would
22 be \$113 million. For the city as a whole,
23 design-build authority could mean many
24 billions of dollars, but this one project,

1 \$113 million.

2 ASSEMBLYMAN BENEDETTO: I would think
3 that the taxpayers of the City of New York
4 would be very grateful at saving over
5 \$100 million. And in particular, the
6 residents of the areas in Brooklyn that will
7 be inundated with trucks during the course of
8 this construction would be very happy too.

9 Switching to congestion pricing,
10 proposals have been out there about tolling
11 bridges, about doing sensors just to charge
12 fees going south of 60th Street or so. It's
13 my impression that you are against the first
14 but seem to accept the second. Can you
15 clarify on that?

16 MAYOR DE BLASIO: I've said
17 consistently that the two previous major
18 plans on congestion pricing -- the one put
19 forward by Mayor Bloomberg of give or take a
20 decade ago, and the one by Move NY -- to me
21 did not address core issues of fairness to
22 the outer boroughs and making sure that
23 resources would be appropriately spent in the
24 city and particularly in the outer borough

1 areas that would be bearing the brunt of the
2 cost.

3 This new proposal by the commission is
4 fundamentally different, and I think better
5 for that reason, because it does not toll the
6 bridges. There are many, many issues that
7 still have to be resolved and lots of detail
8 we don't have yet in terms of this commission
9 proposal.

10 My central concern now is that any
11 action taken, any potential action on
12 congestion pricing must include a lockbox for
13 the money to be spent only on New York City
14 subways and buses. Assemblymember, you would
15 recognize my concern. You know a lot of the
16 history here. That if there is not such a
17 provision, we will not have an assurance of
18 where that money goes, we will not have an
19 assurance it will solve the problem it is
20 theoretically intended to address.

21 We're also deeply concerned about --
22 if we're going to support anything like that,
23 that there be city sign-off on the things
24 that are being chosen to be priorities for

1 spending.

2 So right now I have said it's a step
3 in the right direction, it's an improved
4 proposal compared to past proposals, but a
5 lot of unanswered questions, particularly on
6 guarantees on how the money will be spent.

7 ASSEMBLYMAN BENEDETTO: Points
8 well-taken. Thank you, Mr. Mayor.

9 You mentioned in your testimony in
10 regards to congestion pricing a certain
11 fairness in it and taking the needs of
12 New Yorkers with hardships. One of the items
13 I've been suggesting is possibly a variable
14 rate as opposed to one single charge.

15 So for instance, people from the outer
16 boroughs or even from Upper Manhattan who
17 want to come into the tolled district at
18 night, after 7 o'clock, to go to the theater,
19 to go to the night life, on weekends when
20 they want to apprise themselves of the
21 museums and the cultural benefits of New York
22 City, could possibly be allowed in those
23 off-peak hours to come in at a reduced rate.

24 Your opinion, sir?

1 MAYOR DE BLASIO: Well, I haven't
2 heard that proposal previously. I think it's
3 a commendable one and one that we'd certainly
4 want to talk to you about.

5 I would also say on the issue of
6 hardship that my concern immediately is for
7 folks who are lower-income and may need to
8 use their cars for a variety of reasons,
9 including for medical appointments. We know
10 how much the medical community is based in
11 Manhattan. I think it's important to be
12 sensitive to that fact. Some people have no
13 choice but to go to those appointments. How
14 are we going to accommodate them and also
15 think about the needs of people with
16 disabilities?

17 So I think the big picture here is
18 your idea and all these other issues have to
19 be addressed, need to be very carefully
20 looked at. For such a proposal to be viable,
21 in my view, it has to address these issues.
22 And most particularly, we have to know where
23 the money is going.

24 ASSEMBLYMAN BENEDETTO: Mr. Mayor, in

1 my closing moments here I would be remiss if
2 I don't pay attention to some of my local
3 issues, two in particular.

4 The great City of Co-op, okay -- a
5 wonderful place to live and a fine example of
6 Mitchell-Lama housing -- there is a
7 controversy there about a monopole that is
8 going up.

9 MAYOR DE BLASIO: Excuse me, a what?

10 ASSEMBLYMAN BENEDETTO: I'm told that
11 that is the technical term for it, a
12 monopole, a tall structure that holds an
13 outdoor advertising structure.

14 While most of these structures are
15 fairly low, 20 feet or so, this one is going
16 to be 260 feet. How could they do this?
17 Because the zoning has never been changed
18 since the existence of Freedomland, which
19 Co-op City sits on that particular site.

20 And so he's allowed to build a
21 260-foot pole to put this outside neon LED
22 advertising that's going to shine brightly
23 throughout the Bronx, and I guess to notify
24 people flying in planes passing by.

1 If there's anything the city can do to
2 look into that, we would greatly appreciate
3 it, sir.

4 MAYOR DE BLASIO: We will certainly
5 look into it. That is not something I've
6 heard previously, Assemblymember. We'll look
7 into it and get back to you.

8 ASSEMBLYMAN BENEDETTO: There you go.
9 There you go.

10 And lastly, look into Ferry Point
11 Park, okay? It needs to be taken care of.

12 Thank you, Mr. Mayor. Thank you,
13 Madam Chairman.

14 MAYOR DE BLASIO: Thank you.

15 CHAIRWOMAN WEINSTEIN: Thank you,
16 Assemblyman and Mayor.

17 Senator Young.

18 CHAIRWOMAN YOUNG: Thank you,
19 Assemblywoman.

20 And our next speaker on the Senate
21 side is our chair of the Senate Standing
22 Committee on Cities, and that's Senator
23 Simcha Felder. Senator?

24 SENATOR FELDER: Thank you.

1 Good morning.

2 MAYOR DE BLASIO: Good morning.

3 SENATOR FELDER: As I look at you,
4 Mr. Mayor, and at your staff, they're saying
5 there's no way he can ask a softball question
6 this morning. And where are his props? I
7 don't --

8 CHAIRWOMAN YOUNG: Excuse me, Senator
9 Felder.

10 Could you please put 10 minutes on the
11 clock? He is a chairman. He actually gets
12 10 minutes. Thank you.

13 SENATOR FELDER: I'm sorry. Thank
14 you. Thank you for coming to my defense. I
15 appreciate it.

16 (Laughter.)

17 SENATOR FELDER: Well, now that I have
18 another 10 minutes --

19 (Laughter.)

20 MAYOR DE BLASIO: You can get some
21 props now.

22 (Laughter.)

23 SENATOR FELDER: I really just wanted
24 to say thank you, thank you. An issue that's

1 very personal to me and many of my colleagues
2 as well as to you, the needs of special-needs
3 children and their families -- all I can say
4 is thank you. Because there's a lot of work
5 that still needs to be done, but thanks to
6 you and the angels -- I repeat that word.
7 Karin Goldmark doesn't like it, but she as
8 well as Deputy Mayor Laura Anglin, I'd been
9 working with, more recently, Sherif
10 Soliman -- I don't want to leave anyone out.
11 But really these are heroes and heroines on
12 behalf of the children and families with
13 special needs. So I can't thank you enough.

14 And thank you -- the second thank you
15 was for the commitment to build -- work
16 together with me to build a playground, they
17 call it a Playground for All Children --
18 there's one in Queens -- which allows
19 children with disabilities to be able to
20 use -- you know, they usually don't go to the
21 parks, there's nothing that they can do
22 there.

23 So it's two thank yous. And I would
24 request from Senator Young that you owe me 8½

1 minutes.

2 Thank you.

3 MAYOR DE BLASIO: Senator, I want to
4 just say thank you for your kind words about
5 the team, but also thank you for having led
6 the charge. That helped all of us to do a
7 better job in terms of making sure we were
8 addressing the needs of our children and
9 their families.

10 You're right, we've still got more to
11 go, but I've talked to a lot of parents and I
12 know we're making progress. And I've said to
13 everyone this is about serving each child, it
14 should never have been about saving money,
15 which we all know once upon a time it was.
16 It should be about serving each child. You
17 will see that the amount we're spending on
18 special ed continues to rise, but for a good
19 reason.

20 And all I can say is in addition to
21 thank you, we would deeply appreciate your
22 help in making sure that the proposed state
23 cuts to special education could be mitigated.

24 Thank you.

1 CHAIRWOMAN YOUNG: Thank you.

2 And as usual, Senator Felder got to
3 the heart of the problem very quickly. So
4 thank you for that.

5 CHAIRWOMAN WEINSTEIN: I'd be remiss
6 if I didn't say ditto to my good friend
7 Simcha Felder's remarks.

8 We've been joined by Crystal
9 Peoples-Stokes, and we've moved to
10 Assemblyman Magnarelli, chair of our Local
11 Governments Committee.

12 ASSEMBLYMAN MAGNARELLI: Good morning,
13 Mayor.

14 MAYOR DE BLASIO: Good morning.

15 ASSEMBLYMAN MAGNARELLI: Thank you for
16 coming to the hearing.

17 I just have two relatively general
18 questions, but -- you've given us in your
19 remarks how the Executive Budget in some
20 respects affects New York City, but what
21 aspects of the Executive Budget have the
22 largest or the most impact for you in
23 New York City?

24 MAYOR DE BLASIO: Most impact in what

1 sense, Assemblymember?

2 ASSEMBLYMAN MAGNARELLI: Well, have
3 they been accounted for in your budget?

4 MAYOR DE BLASIO: Oh, yes. And when
5 we presented our proposal, our preliminary
6 budget, we had the state Executive Budget to
7 work from.

8 Now, obviously we know a lot of these
9 issues remain to be resolved. But we treated
10 the proposal from the state as the binding
11 document to begin, and we did include that in
12 our assumptions.

13 ASSEMBLYMAN MAGNARELLI: Can you make
14 any kind of a determination on what would be
15 the --

16 MAYOR DE BLASIO: The overall impact?

17 ASSEMBLYMAN MAGNARELLI: Yeah.

18 MAYOR DE BLASIO: It's over
19 three-quarters of a billion dollars negative,
20 unfortunately.

21 As I mentioned, on the federal side
22 right now we're looking at, just from what's
23 already happened at the federal level,
24 700 million, because the DSH program has

1 lapsed and because the tax bill was passed,
2 before we even treat the question of the
3 continuing resolutions, and who knows what's
4 going to happen there.

5 On the state side, when you take the
6 immediate cuts, which are approximately
7 400 million, the different programmatic cuts,
8 when you take the unfunded mandate around
9 Raise the Age -- and again, I emphasize how
10 much we agree with this Legislature on Raise
11 the Age, but we do believe it's important it
12 be funded -- that's about 200 million.

13 So those, in addition to other areas,
14 would take us over three-quarters of a
15 billion dollars in negative impact.

16 ASSEMBLYMAN MAGNARELLI: Okay. But
17 those are federal --

18 MAYOR DE BLASIO: I'm sorry, state.
19 No, I'm saying in terms of state programmatic
20 cuts -- I mentioned the special ed, the child
21 welfare, homelessness. We've got, right
22 there, 400 million. Another 200 million for
23 the cost of having to implement Raise the Age
24 without state support.

1 And again, there are additional items
2 I could bring forward to you, but the working
3 estimate right now based on the Executive
4 Budget from the state is over \$750 million in
5 negative impact on the city budget.

6 ASSEMBLYMAN MAGNARELLI: And in many
7 of these things -- I'm chair of Local
8 Governments, which would mean all of our
9 communities across the state. But many of
10 our cities are going to be facing the same
11 things, am I correct, only in a different
12 proportion?

13 MAYOR DE BLASIO: In terms of impact
14 on localities?

15 ASSEMBLYMAN MAGNARELLI: Yes.

16 MAYOR DE BLASIO: Yes, in some cases
17 absolutely. In other cases, no. Some of the
18 specific cuts are directed only at New York
19 City. Others are for localities all around
20 the state.

21 So first of all, I would say, you
22 know, thinking in terms of the needs of my
23 colleagues all over the state, we think we
24 would all say every mayor, every town

1 supervisor would say unfunded mandates are
2 dangerous to all of us.

3 But I would also note that some of
4 these are very specific to New York City,
5 even in instances where other jurisdictions
6 received funding and they were held harmless.

7 ASSEMBLYMAN MAGNARELLI: We'll have to
8 look into that.

9 I have a question on education. The
10 Executive proposes a change to the
11 reimbursement rates for summer special
12 education funding. How will this impact your
13 ability to provide services and programs to
14 the vulnerable youth that utilize that?

15 MAYOR DE BLASIO: You know, the cut to
16 special education worries us tremendously. I
17 mentioned the fact that it reaches a huge
18 number of children in our city. And per the
19 previous dialogue with Senator Felder, we
20 have struggled for years to finally catch up
21 and handle appropriately the needs of our
22 special education kids. I think in the past
23 those needs were not given the respect they
24 deserved, again, for cost-savings reasons.

1 And I don't believe that was appropriate as a
2 parent, let alone as a public servant.

3 Our point here is the funding that is
4 threatened reaches a huge number of
5 special ed kids, particularly on the services
6 we provide for them during the summer. That
7 continuity is very important for a number of
8 special ed children. And I'm confused why
9 this was singled out for a cut, given that
10 there I think is a growing consensus that
11 special education is an area where we all
12 need to do more.

13 ASSEMBLYMAN MAGNARELLI: I agree.

14 Thank you, Mr. Mayor.

15 MAYOR DE BLASIO: And thank you,
16 Assemblymember. Just one clarification. I
17 want to make sure I'm precise. And Simonia
18 rightfully has handed me a helpful note.

19 When we did our budget presentation,
20 we proposed our budget with a clear public
21 acknowledgement of all the threats coming
22 from Washington, all the issues that we're
23 facing in the state budget. We didn't factor
24 in final numbers because of course both of

1 those, the issues have still not been fully
2 rectified. We don't know what's going to
3 happen on those DSH payments ultimately, even
4 though right now they've been canceled.
5 Obviously you all and your colleagues are
6 going to adjudicate the Governor's Executive
7 Budget.

8 So we noted what the impact would be,
9 we did not put it as specific line items yet.
10 But again, that combined potential negative
11 impact is 1.5 billion.

12 ASSEMBLYMAN MAGNARELLI: Something you
13 would have to readdress --

14 MAYOR DE BLASIO: Unquestionably, at
15 the time of our executive budget, which comes
16 after the state acts.

17 ASSEMBLYMAN MAGNARELLI: Okay, thank
18 you, Mr. Mayor.

19 MAYOR DE BLASIO: Thank you.

20 CHAIRWOMAN YOUNG: Thank you.

21 Okay, I'm going next. So again,
22 welcome, Mr. Mayor. And I have several topic
23 areas that I'd like to go through today, but
24 first I'd like to start with the property tax

1 cap.

2 And every local government and school
3 district except New York City has been
4 subject to the property tax cap since 2012.
5 And it's been extraordinarily effective in
6 helping taxpayers all around the state, with
7 the exception of New York City. Since the
8 enactment of the cap, property taxes outside
9 of New York City have grown by an average of
10 just 2.2 percent per year, less than half the
11 average annual growth from 2000 to 2010. So
12 the brakes have been put on those tax hikes.

13 Since the enactment of the cap,
14 New York City's property tax levy has grown
15 at an average of 6.2 percent per year. Given
16 the significant growth in property taxes,
17 wouldn't New York City residents and
18 businesses benefit from the property tax cap?

19 MAYOR DE BLASIO: Madam Chair, I know
20 you believe deeply in what you're saying, and
21 I also believe deeply it's the wrong
22 direction for New York City. Here's my
23 central argument.

24 First of all, the reason that you see

1 that increase is not because of a rate
2 increase. In fact, in the four years of my
3 administration we have not increased property
4 tax rates, nor will we. And this new budget,
5 once again, does not increase property tax
6 rates. And I am a homeowner myself, and I
7 remember the property tax rate increases of
8 the past, and they're not happening on my
9 watch.

10 Part of that increase that you're
11 talking about is because values have
12 continued to improve in New York City. And
13 as a homeowner I can say that's a good thing,
14 even though I did not for a moment miss the
15 fact that people have to deal with the
16 challenge of their taxes.

17 But here is where it, in my view, is
18 necessary for us to set the course that we're
19 on now. I'll give you a key example.

20 Working with the City Council, we
21 added 2,000 more police officers on patrol.
22 That was directly a root cause of the fact
23 and an incentive to make the changes that we
24 have made in public safety. Putting those

1 2,000 more officers on patrol allowed us to
2 implement neighborhood policing and allowed
3 us to create a much stronger counterterrorism
4 capacity. It is one of the reasons we're now
5 the safest big city in America.

6 CHAIRWOMAN YOUNG: But Mr. Mayor --

7 MAYOR DE BLASIO: My point --

8 CHAIRWOMAN YOUNG: -- I was asking
9 about property taxes, so if we could get back
10 to that. You talk about the fact that values
11 have improved. And so basically what's gone
12 on in the city is that you have not raised
13 taxes per se, but you have increased property
14 values and assessments. And so since the
15 levy has increased by the levy growth factor
16 under the -- no. So the levy has increased
17 by \$6.8 billion more than it would be if we
18 had imposed a property tax cap. So why
19 wouldn't city residents and businesses want
20 their property taxes to be \$6.8 billion
21 lower?

22 And I will remind you of your own
23 testimony today that says "there are also
24 negative consequences for our residents'

1 bottom lines." This is your testimony. "The
2 new tax law caps the state and local tax
3 deduction and eliminates the personal
4 exemption. That means hundreds of thousands
5 of New Yorkers, most earning less than
6 \$100,000 will pay more taxes. I commend the
7 Governor for trying to find ways to blunt the
8 effects of the new tax law, and I look
9 forward to working with him and the
10 Legislature on solutions."

11 So you are saying in your testimony
12 that the new federal tax law hurts property
13 taxes in the City of New York, yet you say
14 that you cannot put in place a property tax
15 cap. Isn't there a disconnect there?

16 MAYOR DE BLASIO: No. We did not
17 choose the new federal tax law. I think it
18 was a huge mistake for the country and for
19 this state. We are going to work with the
20 Legislature and the Governor to see how we
21 can blunt the impact. I'm very hopeful we
22 can find a way to do that.

23 But Madam Chair, to my previous point.
24 If we were to pursue the course of action

1 that you recommend, we would not have been
2 able to put those 2,000 more officers on
3 patrol. We would not have been able to make
4 the investments that are working in terms of
5 public safety, education, and a number of
6 other areas.

7 I think it's just a fundamental
8 recognition that New York City is working
9 today -- our economy is working, we're safer,
10 our schools are getting better -- because we
11 made those investments. If we put a property
12 tax cap on, we would not only not be able to
13 make those investments, we would have to lay
14 off a very large number of public employees
15 who are providing very good service to the
16 people of this city, and we believe that's
17 the wrong direction for our city.

18 CHAIRWOMAN YOUNG: How many billions
19 do you have in a surplus or reserves for the
20 city?

21 MAYOR DE BLASIO: The surplus right
22 now is approximately \$5.5 billion if you
23 combine our general reserve plus our capital
24 stabilization reserve and our employee health

1 benefit reserve. That last one, I will note,
2 is against much, much bigger liabilities
3 going forward.

4 CHAIRWOMAN YOUNG: So you really do
5 have quite a surplus.

6 But I want to switch now to school
7 funding and performance. The Senate Finance
8 Committee has been analyzing the Governor's
9 proposal, and actually it provides more than
10 80 percent of the 2018-2019 Foundation Aid
11 increase to high-needs school districts,
12 including New York City. What percentage of
13 the increased Department of Education funding
14 in the city's preliminary budget do you
15 expect would go to individual high-needs
16 districts?

17 We're aware that there are 1600
18 individual schools within the New York City
19 system. There are many high-needs school
20 districts. So how much of the budget would
21 you expect to go to those high-needs schools?
22 Because this Legislature and the Governor
23 have prioritized high-needs schools in the
24 formula, and I'm very hopeful that the city

1 does the same.

2 MAYOR DE BLASIO: We have been
3 prioritizing high-need schools in a number of
4 ways, Madam Chair. And I can get you a
5 breakout of all of them, beginning with our
6 focus on Renewal Schools and Community
7 Schools, continuing with everything we're
8 doing with the pre-K and 3-K programs, which
9 disproportionately help high-need schools.
10 The Advanced Placement Initiative
11 disproportionately helps high-need schools.
12 We can aggregate all of those and show you
13 how they affect the higher-needs schools.

14 But all of this has been about trying
15 to reach a number of schools that bluntly
16 were not invested in in the past and now are
17 getting much greater investment because of
18 each of these initiatives.

19 CHAIRWOMAN YOUNG: So the state
20 identifies school districts as high-need
21 based on student demographics and local
22 wealth. And how does the city identify
23 individual schools as high-need?

24 MAYOR DE BLASIO: I'm not familiar

1 with the specific formula, but I'm happy to
2 get it for you.

3 CHAIRWOMAN YOUNG: Well, if you could
4 get it to us, what factors are used in making
5 the determination.

6 And we also would need approximately
7 how many or what percentage of city schools
8 do you currently consider to be high-need.
9 Do you know?

10 MAYOR DE BLASIO: I'll get that.
11 I'll make sure we're using the exact numbers
12 with you.

13 CHAIRWOMAN YOUNG: Thank you. Could
14 you provide a list of those schools?

15 MAYOR DE BLASIO: Yes.

16 CHAIRWOMAN YOUNG: That would be very
17 helpful.

18 So how much funding per pupil does the
19 city currently provide its high-need schools
20 from state and local resources, and how does
21 this compare to its lower-need schools?

22 MAYOR DE BLASIO: Again, Madam Chair,
23 I think the simple way to look at this is
24 that we have been working across the entire

1 school system, 1.1 million-plus kids, to
2 improve the schools across the board, every
3 type of school. Which is why we have higher
4 graduation rates, higher test scores,
5 et cetera.

6 Our major programmatic thrusts, which
7 have been huge areas of investment --
8 although many of them are universal, like
9 pre-K and 3-K, they disproportionately
10 support high-need schools. Certainly, again,
11 Community Schools and Renewal Schools do
12 that. We will provide you the breakout of
13 each of those investments and how they affect
14 those schools.

15 But unquestionably, because the Equity
16 and Excellence vision is about addressing the
17 lack of funding in the past to those very
18 schools, we have spent four years trying to
19 right that wrong of the past.

20 CHAIRWOMAN YOUNG: So I have a
21 question about why doesn't the Fair Student
22 Funding formula place more of a weighting on
23 poverty.

24 MAYOR DE BLASIO: I'm sorry, I'm not

1 following.

2 CHAIRWOMAN YOUNG: So it's my
3 understanding the Fair Student Funding
4 formula doesn't place a lot of significance
5 or weighting on poverty. Could you please
6 explain that for us?

7 MAYOR DE BLASIO: I'm not sure on that
8 interpretation, so let me see if my colleague
9 wants to jump in or if we need to come back
10 on that. We'll come back to you on that.

11 CHAIRWOMAN YOUNG: Okay, thank you.

12 There was recently a Chalkbeat
13 article, and it said that only about
14 one-fifth of the Department of Education's
15 budget is allocated through the Fair Student
16 Funding formula. And if that's the case, why
17 doesn't the city allocate more funding
18 through that formula?

19 MAYOR DE BLASIO: First of all,
20 obviously we have a huge set of mandates that
21 we operate under, and that's one of the first
22 elements of how we fund. And we have
23 contractual obligations to our workforce.
24 There's a whole set of things that go beyond

1 the question of that formula.

2 But again, it's a question, Madam
3 Chair, of how we change our schools for the
4 better. For example, I believe for decades
5 there was not enough focus on early childhood
6 education. I believe this was a structural
7 problem. This is not something the formula
8 would have addressed. We addressed it on a
9 citywide basis.

10 It's quite clear there were vast
11 inequities between schools. So for example,
12 some schools had numerous Advanced Placement
13 courses, others had none whatsoever. This
14 was true for decades. We did not think and I
15 do not believe that's something you leave up
16 to individual schools to resolve. That
17 requires a citywide policy to address. We
18 created those policies and we distributed the
19 resources accordingly.

20 The formula is one piece of how we
21 address equity and improve our schools, but
22 there are other pieces as well. And we've
23 made sure to give them substantial support.

24 CHAIRWOMAN YOUNG: Thank you.

1 I came across this article recently.
2 It says "Filthy New York City School
3 Cafeterias Rife with Rodents and Bugs," from
4 a report. Could you please address that?

5 MAYOR DE BLASIO: I'm sorry, I could
6 not hear that last part.

7 CHAIRWOMAN YOUNG: The headline:
8 "Filthy New York City School Cafeterias Rife
9 with Rodents and Bugs," according to a
10 report. Could you please address that
11 situation?

12 MAYOR DE BLASIO: Absolutely. Both my
13 kids went to New York City public schools, it
14 wasn't that long ago they left, and they
15 spent a lot of time in those cafeterias, so I
16 take very personally the notion that any
17 cafeteria is not up to the health standards
18 it should be.

19 We looked into that. There's
20 definitely work to do. Most of those
21 instances were singular, were addressed
22 immediately. But my mandate to our team is
23 to continue to improve the quality of our
24 cafeterias, and that anything that we need to

1 put resources into to make sure they're
2 healthy and safe, we will do.

3 CHAIRWOMAN YOUNG: I assume that a lot
4 of those schools with cafeteria problems are
5 high-needs schools, so I would urge you to
6 make sure that those schools are properly
7 funded.

8 How does the city identify failing or
9 underperforming schools? What metrics do you
10 use?

11 MAYOR DE BLASIO: A number of
12 different metrics -- attendance, graduation
13 rates, standardized testing. A host of
14 metrics are looked at. We believe in
15 multiple measures to determine the status of
16 each school. Obviously we work with the
17 State Education Department in terms of
18 determining some of the schools that need
19 particular help. This is work we do
20 constantly. And the goal, of course, is to
21 improve every school regardless of its
22 status.

23 CHAIRWOMAN YOUNG: How many failing
24 schools do we have in the city?

1 MAYOR DE BLASIO: Again, it depends
2 on -- there are several definitions out
3 there. The Renewal School program has been
4 the central area that we've focused on. I
5 don't -- with deepest respect to you,
6 Madam Chair, I don't look at them as failing,
7 I look at them as schools that need to be
8 fixed and were invested in in the past.

9 That program began with 94 schools,
10 but that number has been declining each year
11 as we have either closed or consolidated some
12 of the schools, or now a number of the
13 schools will graduate out of the program.

14 CHAIRWOMAN YOUNG: Thank you.

15 A question on the failing schools --
16 or the ones that you don't consider to be
17 failing but underperforming. Are they more
18 heavily concentrated in any community,
19 districts or boroughs? Is it heavily
20 concentrated in any particular community or
21 borough?

22 MAYOR DE BLASIO: They are spread
23 across the city. There's clearly some
24 correlation to where historically there's

1 been underinvestment in communities, there's
2 no question about that.

3 But in the end, it is an individual
4 matter. We have schools literally within a
5 few blocks of each other where one is doing
6 very well and one still needs more work. We
7 have schools that again are coming out of
8 that Renewal School program with great
9 progress, others that we have decided are not
10 making enough progress and need to be closed.

11 So yes, of course there's a broad
12 correlation to less advantaged communities,
13 but it is by no means a broad brush.

14 CHAIRWOMAN YOUNG: Thank you.

15 How many of these schools have been
16 failing for 10 years or more? Because you
17 say you're taking a lot of action steps, but
18 it's my understanding quite a few have been
19 considered to be failing schools for a long
20 time.

21 MAYOR DE BLASIO: We can give you the
22 updated figures, given the ones that we've
23 closed or consolidated or are about to close
24 in June. I don't know the measure, because

1 obviously I've only been in office for four
2 years, so I don't know what happened in the
3 previous six years with each of those
4 schools. But we can give you the profile of
5 them easily.

6 CHAIRWOMAN YOUNG: Thank you.

7 I have a lot of questions about MTA
8 and NYCHA, but I will come back for Round 2.
9 Thank you.

10 CHAIRWOMAN WEINSTEIN: Thank you.
11 We've been joined on the Assembly side by
12 Assemblyman Skoufis and Assemblyman Weprin.

13 Now to Assemblyman Cusick for
14 questions.

15 ASSEMBLYMAN CUSICK: Thank you,
16 Chairwoman.

17 Mr. Mayor, thank you for being here.
18 Thank you for testifying before this
19 committee every year. It's greatly
20 appreciated by the members here.

21 I want to ask also about the property
22 tax issue. You know, you and I over the
23 years have had this discussion about the
24 property tax cap. You and I disagree on it.

1 But over the years, you have said that there
2 will be a comprehensive tax reform plan set
3 forth by your administration focusing on the
4 assessments.

5 We have a bill in the Assembly that
6 would focus on forming a commission that
7 would look at the process of the assessments.
8 I don't think any of us have residents that
9 don't believe we should pay for services. I
10 think what the gripe is is that many folks
11 just want to know what the process is and how
12 their money is being taken and used for these
13 services. And right now I can tell you, from
14 personal experience, there isn't that
15 confidence from the residents that they know
16 how the system works, how they're charged for
17 their taxes.

18 And so I just wanted to ask, are we
19 anywhere closer to this tax reform commission
20 or process that you had set forth last year
21 at this budget hearing?

22 MAYOR DE BLASIO: Absolutely. We've
23 obviously been very focused in the last weeks
24 on preparing the preliminary budget and

1 preparing for this testimony. But certainly
2 very soon we'll have a further announcement
3 on the next steps on the property tax reform.
4 It's absolutely needed. I'm committed to it.
5 We're going to move on it. We're going to
6 need the help of the Legislature and the
7 City Council to address it.

8 Assemblymember, you know I've had 51
9 town hall meetings. I think I've been asked
10 the question at 51 of them, so --

11 ASSEMBLYMAN CUSICK: Fifty-one times
12 at my town hall.

13 MAYOR DE BLASIO: There you go.

14 And what I've said also is in addition
15 to creating more transparency and consistency
16 across all five boroughs and all
17 neighborhoods, we ultimately have to be
18 roughly revenue-neutral to be able to
19 continue providing the support we do.

20 And I think you're right that your
21 constituents and many other constituents
22 don't see yet the kind of consistency and
23 transparency they want. What I hope they are
24 seeing more of is what the impact of the

1 dollars spent is. Certainly crime reduction,
2 improvements in schools, repaving -- I know
3 it's a personal favorite.

4 ASSEMBLYMAN CUSICK: Yes, repaving's
5 big. And people do see it. But they do get
6 frustrated because -- the assessments just
7 went out last month. And I don't know about
8 my colleagues, but the phones in my district
9 office have been all about the increase in
10 what they call the property tax. They don't
11 know the difference. And so that's why I
12 think it's important.

13 I know -- I don't want you to make
14 news right here, but maybe you can't for my
15 sake. But can we get a definite timeline, a
16 date as to when a report will be issued?
17 Because that would make a lot of residents
18 feel a little better about this process.

19 MAYOR DE BLASIO: I'm going to be
20 careful, because the day we announce the
21 vision I want to make sure everything is
22 ready.

23 I can tell you when I say very soon, I
24 mean very soon. It's time to do it. We had

1 to get through the budget process first. So
2 I won't make specific news, but I will tell
3 you it's coming and it's going to be
4 something that addresses these issues that
5 you and I have discussed.

6 And I would remind you, I understand
7 the frustrations people feel, I assure you.
8 My constituents talk to me about them too at
9 those town hall meetings and many other
10 places. It is because of the increase in
11 values in our homes, which per se is a good
12 thing. I understand the challenge that comes
13 with it.

14 At the same time, it's very important
15 that there has not been a rate increase.
16 It's very important that there's no plan for
17 a rate increase. And it's important that
18 compared to the rest of the state, our
19 property tax levels are still much, much
20 lower. The estimate is New York City
21 property tax levels are three to four times
22 lower, proportionally, than in the rest of
23 the state, and that's crucial.

24 ASSEMBLYMAN CUSICK: Right. Yeah, I

1 understand that. But most people that we
2 represent don't understand that when the
3 assessment goes up, that it isn't a property
4 tax increase. So that's why it's urgent that
5 we do move forward and get this reform going.
6 And I'm glad to hear that it's happening
7 soon. Hopefully "soon" means this year,
8 because --

9 MAYOR DE BLASIO: Unquestionably this
10 year. And we are going to need -- I want to
11 emphasize we're definitely getting started
12 this year. We're going to need a lot of work
13 and a lot of help here to act on the elements
14 of the plan we put together. And so our
15 job -- I believe my job as mayor is to bring
16 all the strands together into one final plan
17 with all of the legislative proposal attached
18 to bring here. Obviously, that's when a lot
19 of hard work happens here to go through it
20 and to get to a final outcome.

21 ASSEMBLYMAN CUSICK: Great. I see my
22 time is up. Thank you.

23 CHAIRWOMAN YOUNG: Thank you.

24 We've been joined by Senator Tom Croci

1 and Senator James Tedisco.

2 And our next speaker is Senator Kathy
3 Marchione, who is chair of the Senate
4 Standing Committee on Local Government.

5 SENATOR MARCHIONE: Thank you.

6 Thank you for your testimony,
7 Mr. Mayor.

8 MAYOR DE BLASIO: Thank you.

9 SENATOR MARCHIONE: One of the things
10 you talked about was a goal of reducing your
11 jail population to 5,000. My question is
12 taken into consideration for those
13 reductions, I hope, is the public safety of
14 letting out people from jail who are there
15 because they've done wrong --

16 MAYOR DE BLASIO: Yes.

17 SENATOR MARCHIONE: -- and have
18 jeopardized public safety to the rest of your
19 community.

20 So can you tell me about, you know,
21 your goal of letting them out? What about
22 the goal of public safety?

23 MAYOR DE BLASIO: Senator, it's the
24 number-one job of all of us in public life.

1 And I'm very proud of the fact that because
2 of the extraordinarily work of the men and
3 women of the NYPD and their community
4 partners, we are literally the safest big
5 city in America. We have brought down major
6 crime categories to the lowest level since
7 the 1950s. The last time we had this few
8 homicides in New York City was 1951.

9 Extraordinary progress has been made,
10 and we intend to continue it. Commissioner
11 O'Neill believes fundamentally that we will
12 continue to reduce crime, while at the same
13 time with new approaches that we find are
14 working very, very effectively. Compared to
15 four years previous, in 2017 we had 100,000
16 fewer arrests, while we had greatly reduced
17 crime at the same time.

18 So we think we can reduce jail
19 population while protecting the people of the
20 city. The vast majority of the problem with
21 reducing jail population is with nonviolent
22 offenders and the sheer time it takes in the
23 state-governed court system for people to
24 move through their trial process while

1 incarcerated on Rikers Island. Also the
2 problem that people end up in there because
3 of a bail matter, even though they've done a
4 nonviolent offense.

5 The legislation before the
6 Legislature -- I know there's different
7 versions, but all aiming at the same goals of
8 speedier trials and reducing the burden of
9 bail -- that alone would have a hugely
10 positive impact on our efforts to close
11 Rikers Island, but we believe would not
12 compromise public safety at all.

13 SENATOR MARCHIONE: Okay. I'm limited
14 to one time, so I have a number of questions
15 for you.

16 If that's the case, you've increased
17 your NYPD by 2,000 --

18 MAYOR DE BLASIO: Two thousand
19 officers on patrol, yeah.

20 SENATOR MARCHIONE: -- additional
21 officers, if crime is going down. And our
22 Governor has found it necessary to send many
23 New York State Troopers from their upstate
24 posts to New York City. Can you tell me why,

1 if your crime is going down, why these
2 measures are necessary?

3 MAYOR DE BLASIO: Well, obviously,
4 Senator -- I say it with deepest respect to
5 the question and to the Governor -- that is a
6 question for the Governor. Those decisions
7 that he has made and the State Police have
8 made are theirs. Sometimes they've been
9 matters that have been discussed with NYPD,
10 other times not.

11 I think of course the question is
12 where are there areas of sensitivity,
13 particularly in terms of antiterror efforts.
14 Some of those targets obviously are in the
15 city, and that would be a logical area to
16 reinforce. But I am clear about the fact and
17 respect the fact that there's only so many
18 resources to go around, and there's huge
19 areas of the state that need that help and
20 coverage too.

21 So we feel very confident in the
22 efforts of the NYPD to protect our city.
23 We're very sensitive on antiterrorism, and
24 obviously we do need some partnership with

1 the state. But I can't answer the rationale
2 for all of those actions.

3 SENATOR MARCHIONE: So you believe you
4 have enough of your own police force to be
5 able to handle New York City pretty much on
6 your own.

7 MAYOR DE BLASIO: Unquestionably there
8 are, again, some areas where we do not have
9 jurisdiction -- the airports and the railroad
10 stations are obvious examples -- that we
11 assist with and we're happy to assist with in
12 every way. Those areas cannot be uncovered,
13 Senator. I know you'd agree with that. They
14 cannot be uncovered, and we don't have
15 jurisdiction to provide the ongoing
16 protection.

17 With those exceptions put aside, and
18 you're talking about New York City as a
19 whole, I have total confidence in NYPD's
20 ability to protect New York City.

21 SENATOR MARCHIONE: Thank you.

22 I noticed in your testimony, which I
23 thought was very interesting, there's a
24 heroin epidemic throughout the country, yet

1 your testimony is silent on heroin. Do you
2 believe that the monies that you're receiving
3 from the state are wholly adequate for the
4 heroin epidemic, for you to be able to fight
5 the heroin epidemic in New York City?

6 MAYOR DE BLASIO: We -- it's a major,
7 major priority in New York City. We have
8 absolutely borne the brunt of the opioid
9 epidemic, as have many parts of the country.

10 In fact, not only have we made major
11 new investments, whether it's on the policing
12 side or the treatment side or the prevention
13 side of the equation, we announced recently a
14 lawsuit against the opioid makers and
15 distributors, hoping to achieve money damages
16 that will allow us to put more money into
17 prevention and treatment.

18 There's endless need. Very good
19 question, Senator. It's not for lack of
20 interest, it was in the interests of brevity
21 and also, honestly, that we're trying to
22 focus on the areas that I believe are most
23 problematic in the state budget that we're
24 asking for your help in addressing, where

1 there are specific cuts, and focusing on the
2 area of education, where we see this change
3 in the funding that we think has a huge
4 impact.

5 We absolutely could use more state
6 support to address the opioid epidemic. But
7 we are going to, in the meantime, do
8 everything we can with city resources to
9 fight the problem.

10 SENATOR MARCHIONE: Okay. Good.
11 Because I know upstate that's a very serious
12 issue, is funding, relative to being able to
13 help our residents.

14 MAYOR DE BLASIO: And one other
15 thing -- I'm sorry, Senator, to interrupt.
16 When we composited recently when we announced
17 the lawsuit, we checked all spending we were
18 doing annually related to opioids. It's over
19 half a billion dollars when you include
20 policing, jails, treatment by our Health +
21 Hospitals Corporation, and other matters.
22 Right now the city is spending over half a
23 billion. So you can imagine what a strain
24 that is, and obviously we would appreciate

1 more support.

2 SENATOR MARCHIONE: Also you said in
3 your testimony -- I'm just interested in this
4 myself -- that you are going to -- everyone
5 who leaves jail following a city sentence
6 will be offered a transitional job. Where
7 are they offered a job, and for what's the
8 length of time?

9 MAYOR DE BLASIO: My memory is it's a
10 three-month transitional job. And this is
11 for folks who have been sentenced. So on our
12 jail system, a number of people are awaiting
13 trial and then there's a small but meaningful
14 number of people who have been sentenced to
15 less than a year. That's the requirement to
16 be in city jails. If you've been sentenced,
17 it can only be up to a year. After that,
18 you'd have to be in a state prison if it were
19 a higher sentence.

20 For those folks sentenced less than a
21 year -- by definition they have done lesser
22 offenses and nonviolent offenses -- we offer
23 them, working with a number of nonprofit
24 organizations, an opportunity to have a work

1 experience immediately out of jail, because
2 we want to get them refocused on work,
3 refocused on being a part of mainstream
4 society. Also the chances of getting a job
5 after that are greatly magnified if someone
6 can apply for a job while having one.

7 And we believe this investment will
8 greatly reduce recidivism, helping us to
9 bring down the jail population, also saving
10 the taxpayers a lot of money.

11 SENATOR MARCHIONE: It sounds like a
12 good program. I just wondered whether they
13 were going on the city payroll afterwards,
14 but you've answered that. You said no --

15 MAYOR DE BLASIO: No.

16 SENATOR MARCHIONE: -- they're at
17 not-for-profits.

18 One other thing -- and I have a few
19 minutes left -- you talked about wanting to
20 have early voting. Every statistic that I've
21 seen, and perhaps you could share your
22 statistics with me, state that early voting
23 doesn't really give a lot of -- any
24 additional voting, but it does come with a

1 price tag. And I'm surprised that your
2 testimony didn't request that the state
3 provide the additional funds, as that is also
4 an unfunded mandate.

5 And I've heard throughout the
6 testimony -- and I understand, I'm a local
7 government person myself for over 30 years.
8 I get those unfunded mandates. I'm just
9 surprised, Mayor, that you weren't concerned
10 about this being an unfunded mandate.

11 MAYOR DE BLASIO: That's a very fair
12 point, Senator.

13 And honestly, my fervor to get the
14 reform comes first in this case. I'm very
15 quick to note when there is an unfunded
16 mandate. But I think on a basic matter of
17 democracy, before we even talk about how to
18 pay for it, the most important point is
19 making it easier for people to participate.

20 To think that there's 2 million people
21 in our state who are not participating, who
22 are eligible right this moment, not even
23 registered -- and we know that is directly
24 connected to how difficult it is to vote. We

1 see much better participation levels in
2 states that have early voting, for example,
3 and same-day registration.

4 So honestly, to me, it's not first and
5 foremost a financial issue, it's more a
6 question of helping to strengthen our
7 democracy.

8 SENATOR MARCHIONE: Thank you. I
9 just -- I'd appreciate those statistics if
10 you have them, because I have --

11 MAYOR DE BLASIO: We'll get those for
12 you.

13 SENATOR MARCHIONE: -- I have
14 statistics that prove otherwise.

15 But thank you so much for answering my
16 questions.

17 MAYOR DE BLASIO: Thank you.

18 CHAIRWOMAN WEINSTEIN: Thank you.
19 Assemblyman Castorina.

20 ASSEMBLYMAN CASTORINA: Thank you,
21 Mr. Mayor. Always appreciate you coming up
22 here, and appreciated your testimony today.

23 I have a couple of questions. I'll be
24 brief. The federal Tax Cuts and Jobs Act

1 created an unanticipated tax-revenue windfall
2 for New York if New York state does not
3 decouple portions of our tax code from the
4 federal tax law. Specifically, taxpayers
5 would see a \$1.5 billion tax increase on
6 their state personal income taxes.

7 How does New York State conforming to
8 federal tax law impact New York City's income
9 tax receipts? And also, New York City would
10 see additional income tax revenue if the
11 state doesn't change the law. What are you
12 estimating that these receipts will be?

13 MAYOR DE BLASIO: Well, we actually
14 looked at this -- I appreciate the question
15 very much, Assemblymember. We looked at this
16 a little differently.

17 We believe that that burden placed on
18 our taxpayers by ending the deductibility --
19 which as you know has been in place since
20 1913 -- we believe it was a huge mistake and
21 decided not to recognize that new revenue.
22 So you do not see it in our preliminary
23 budget, because it's our intention to work
24 with the state to find a way to blunt the

1 impact and hopefully allow people to not pay
2 a higher level than they would have had
3 deductibility still been there.

4 So we do not note it as new revenue.
5 We believe fundamentally that if we all work
6 together, we can find a way to protect those
7 taxpayers, and then there would not be new
8 revenue.

9 ASSEMBLYMAN CASTORINA: Mr. Mayor,
10 just -- I want to make a statement real
11 briefly. In fairness to the millions of
12 people that are now seeing more money in
13 their paycheck, their take-home pay, I don't
14 necessarily believe that they would feel that
15 it's a mistake.

16 MAYOR DE BLASIO: Well, I'm sorry --
17 just to be clear -- I'm sorry to interrupt.
18 On that one piece, I think it's strongly
19 believed -- this is a bipartisan consensus in
20 this state -- that the loss of deductibility
21 was a mistake. I'm just -- we can debate the
22 other fine points of the bill, but I would
23 argue that one has been a bipartisan
24 consensus in New York State.

1 ASSEMBLYMAN CASTORINA: Thank you,
2 Mr. Mayor.

3 CHAIRWOMAN WEINSTEIN: Thank you.

4 Before we move to the Senate, I just
5 wanted to note that Speaker Heastie is
6 keeping an eye on our proceedings from the
7 corner there.

8 CHAIRWOMAN YOUNG: Thank you.

9 Our next speaker is the ranking
10 member --

11 MAYOR DE BLASIO: Good morning,
12 Mr. Speaker.

13 SPEAKER HEASTIE: How are you.

14 MAYOR DE BLASIO: Good to see you.

15 CHAIRWOMAN YOUNG: Oh, okay. Our next
16 Senate speaker is Senator Roxanne Persaud,
17 who is ranking member on the Cities
18 Committee.

19 SENATOR PERSAUD: Thank you.

20 Good morning, Mr. Mayor. It's always
21 great to see you here in Albany --

22 MAYOR DE BLASIO: Good morning.

23 SENATOR PERSAUD: -- and in the
24 district. You were in my district a couple

1 of days ago talking about 3-K for all. I
2 appreciate what you're doing for the kids in
3 Brownsville in particular.

4 You talked about Crossroads and Ella
5 McQueen. I just want to touch on that.
6 There's a concern in Ocean Hill-Brownsville
7 that with your intentions to open Ella
8 McQueen and expand the Crossroads, at the
9 same time you're closing -- DOE is proposing
10 to close the only high school in Ocean
11 Hills-Brownsville. The people of Brownsville
12 don't feel that should be, you're looking at
13 the criminal element while taking away the
14 only high school.

15 So, you know, we met with your staff
16 last week and we're asking you to look at
17 that. Because I think while you're looking
18 to open criminal justice centers, one is just
19 two blocks away from the only high school,
20 and the other is six blocks away. So I'd
21 just ask you to look into that.

22 MAYOR DE BLASIO: Senator, if I may
23 say, when you're right, you're right. We
24 believe that that plan that we originally put

1 forward related to the school -- which was
2 based on some real solid numerical challenges
3 that we're seeing in that school. But we
4 believe that community leaders, yourself
5 included, raised very good points about ways
6 that we could approach the situation, so
7 we're going to put that original plan on
8 pause, restart with the community, and see
9 what we can do to strengthen that school and
10 move forward for another year with that
11 school and see if we can give it a deeper
12 turnaround.

13 As you know, the vision of the Renewal
14 School program was to invest heavily for
15 three years. And we've seen some that we do
16 not believe can be turned around, that we are
17 closing, or some that we already closed or
18 merged.

19 This school had a mix of results, but
20 there were real concerns. The communities
21 raised excellent points that we want to honor
22 by adding a year and adding some additional
23 investment and seeing if we can get it to be
24 sustainable on a long-term basis.

1 SENATOR PERSAUD: Thank you.

2 I also want to commend you and the
3 NYPD for, you know, your emphasis on
4 community policing. And when we're talking
5 about New York City being the safest city
6 it's been in a number of years, I appreciate
7 that. And I hope that the precincts -- I
8 cover seven precincts -- will be allocated
9 the resources they need to continue to fight
10 crime, so that we are going to continue
11 talking about a decrease in crime for many,
12 many years to come.

13 I also want to talk about the MTA. As
14 you know, the people of Canarsie have
15 presented you with, you know, a fabulous
16 folder of signatures.

17 MAYOR DE BLASIO: A very large number
18 of signatures. I remember.

19 SENATOR PERSAUD: A very large number
20 of signatures. We are committed to that.

21 With the closure of the Canarsie Tube
22 for the rebuilding, and you know the L train,
23 there will be less L train service for the
24 people of Canarsie and other areas -- we're

1 hoping that you will look into bringing the
2 ferry service to Canarsie. As you know, the
3 ferry service has been very successful in the
4 areas that you've opened it. You reached the
5 1 million rider threshold faster than anyone
6 anticipated.

7 Can we count on your commitment to
8 really looking into bringing the ferry
9 service to that area of Brooklyn? Because it
10 will be the only other alternative that we
11 have.

12 MAYOR DE BLASIO: So Senator, just a
13 quick framing on this. The initial ferry
14 expansion will go into the summer, when we're
15 going to add a line in Soundview in the
16 Bronx. And we're going to add another line
17 on the East Side of Manhattan. Then once
18 those are all in place, I have said very
19 publicly we will make the decisions on the
20 next potential set of lines.

21 Now, we have real budgetary matters we
22 have to look at. It's very much caught up in
23 what happens here with the state budget and
24 what happens in Washington. But there's been

1 a number of nominations. Certainly Staten
2 Island, southern Brooklyn, northeastern
3 Queens, a number of places have said please
4 consider ferry service for us. So this
5 summer we're going to come back with an
6 answer once we've seen what happens on the
7 budget front.

8 The second point I'd make is where
9 there's exceptional situations, like the L
10 train closure, I think you make a good point.
11 We need to look at that as a particular need
12 for a particular period of time, and we will
13 do that as well. I'm not going to commit
14 yet, but we're going to certainly put that
15 into the calculation as a major factor that
16 has to be considered for the people of
17 Canarsie.

18 SENATOR PERSAUD: Thank you again.
19 Thank you very much.

20 CHAIRWOMAN WEINSTEIN: Thank you.
21 Assemblywoman Malliotakis.

22 ASSEMBLYWOMAN MALLIOTAKIS: Good
23 morning, Mr. Mayor. It's so nice to be able
24 to ask you a question without Bo Dietl

1 interrupting.

2 (Laughter.)

3 MAYOR DE BLASIO: Yes, we're so much
4 civiller when it's just us together.

5 ASSEMBLYWOMAN MALLIOTAKIS: With
6 regards to the property taxes that we were
7 discussing here today -- and I add my voice
8 to those of my colleagues -- that when we
9 talk about the increase in spending that the
10 city has put forth, from \$70 billion,
11 roughly, in the last year of Mayor Bloomberg
12 to now looking at over \$80 billion, that's
13 putting a tremendous burden on property
14 taxes. And as you know, a third, roughly, of
15 the city's revenue comes from that.

16 But to highlight some of the
17 inequities, I happened to bring my property
18 tax bill. I happened to bring yours as well.
19 But the point --

20 MAYOR DE BLASIO: How convenient.

21 (Laughter.)

22 ASSEMBLYWOMAN MALLIOTAKIS: You have
23 to have exhibits, right? Mine, a \$559,000
24 home. I pay roughly \$5,400 in property

1 taxes. You have a \$1.6 million home; you pay
2 roughly \$3500 in property taxes. So I am
3 paying, you know, \$2,000 more for a home
4 that's valued at about a third.

5 And that is really what this issue is
6 about. It's the inequity of the effective
7 tax rate. Where, for example, in your
8 district, which you pay the least effective
9 tax rate, it's 1.05 percent. And
10 unfortunately for me in my district, my
11 council district, I pay the -- I'm sorry, I
12 pay the highest, at 1.05 percent. You pay
13 the least, at 0.33 percent.

14 So that is why the property tax
15 commission is so important. I'm glad that
16 over the summer you've agreed to do that.
17 I've offered my assistance in any way I can
18 to support this, because I think it is
19 something for all of our constituents that is
20 very important.

21 My question is regarding the property
22 tax levy. You've testified here today that
23 the tax rate has not gone up, and it hasn't
24 gone up. And I agree with you there.

1 However, what has gone up is the property tax
2 levy, which is what you as mayor and the City
3 Council members have control over.

4 And so in 2015, that levy went up
5 6.14 percent. In 2016, it went up 6.88
6 percent. In 2017, it went up 6.83 percent.
7 In 2018, it's 7.49 percent.

8 Now, you as the mayor and the City
9 Council members have control over that levy.
10 And why do you keep increasing it every year,
11 and what can we anticipate for the fiscal
12 year 2019? Because cumulatively, it has gone
13 up over the last four years 37.71 percent,
14 which is an additional \$7 billion on property
15 tax homeowners. And that's -- that is
16 something I think that is upsetting to a lot
17 of people across the city, particularly those
18 who are paying that higher effective tax rate
19 such as those in my district.

20 MAYOR DE BLASIO: Assemblymember, just
21 let me break that into a couple of quick
22 pieces.

23 The inconsistency among neighborhoods
24 makes no sense, has to be addressed. It's

1 something about our current tax law that
2 doesn't account for the reality of our lives
3 today. And that's why we will have a process
4 very soon. And we will need your help, and I
5 appreciated your offer to help. I will
6 certainly take you up on that, because we
7 have to get to a more consistent and
8 transparent system.

9 I've tried to be honest with people,
10 and I find that New Yorkers appreciate blunt
11 honesty. And again, I've said it at 51 town
12 hall meetings. I've explained, first of all,
13 this is based on rising property values,
14 which none of us like the tax impact, but we
15 do appreciate that our property values go up.
16 And second, that our property tax levels are
17 proportionally much lower than the rest of
18 the state.

19 But really it comes down to what are
20 we providing people for the money that they
21 are contributing. And I have to tell you,
22 you know, a lot of that, you're right,
23 there's been a substantial increase in the
24 budget. One of the reasons why was at the

1 end of the Bloomberg administration, none of
2 our city workforce, pushing on towards almost
3 400,000 people, none of them were under
4 contract. Some of them had years and years
5 when they weren't under contract previous.
6 All of that had to be accounted for.

7 So we were all left to make up for
8 that, which we've done now. But that did
9 increase the budget greatly.

10 ASSEMBLYWOMAN MALLIOTAKIS: And I
11 appreciate that. I'm sure that if you and I
12 both sat down with the budget, I'm sure there
13 would be differences in what we would like to
14 eliminate or we'd like to add.

15 But it doesn't take away from the fact
16 that the city as well as the state needs to
17 live within its means. And the issue here is
18 that the levy, which the city -- without a
19 property tax commission, without any action
20 from the state -- you and the City Council
21 alone have control over that property tax
22 levy. And you've chosen to increase it year
23 after year to a point where it's a cumulative
24 increase of 37 percent. That's \$7 billion

1 more that we're seeking from the taxpayers.

2 So I ask if you would consider
3 freezing that levy, or at least a cap --
4 which had been suggested here, and we of
5 course have legislation, which you've
6 opposed, unfortunately. But I really think
7 at least for a year, can you look at perhaps
8 capping that levy to a reasonable rate to
9 give -- until we complete this commission
10 study and find a better solution to revise
11 what has been an outdated law? We both
12 agree, 1981, it's outdated, the housing stock
13 has changed, times have changed.

14 But we do need some type of relief
15 until that commission is in place. And I
16 think by freezing or capping the property tax
17 levy, that's the way to do it for now.

18 Thank you.

19 MAYOR DE BLASIO: I respect the
20 question. Obviously I respect the idea
21 you're putting forward. I don't agree.

22 And the reason is that my job is to
23 protect the safety of the people of this
24 city, my job is to make sure schools are

1 getting better, roads are being paved,
2 everything we're doing. People demand those
3 services rightfully. And if we're going to
4 look at the overall dynamics of the property
5 tax, we should do it all of a piece. We
6 should put all the pieces together and do it
7 properly. So that's how I believe is the
8 right way to proceed.

9 Again, people very much -- when I talk
10 to them about the specific things we could
11 not do if we changed our approach to property
12 tax, consistently I hear from my constituents
13 they do not want us to cut back on the
14 services we provide to the people of the
15 city. In fact, wherever I go, and I know you
16 both would agree with me, you've been at the
17 same town hall meetings, people are demanding
18 more services.

19 So I would argue the right way to
20 approach this is with an overall effort to
21 reform the property tax system.

22 ASSEMBLYWOMAN MALLIOTAKIS: Well,
23 certainly --

24 CHAIRWOMAN WEINSTEIN: Thank you.

1 ASSEMBLYWOMAN MALLIOTAKIS: Thank you
2 very much. I appreciate it.

3 CHAIRWOMAN YOUNG: Thank you.

4 Our next speaker is Senator Brian
5 Benjamin.

6 SENATOR BENJAMIN: Thank you,
7 Mr. Mayor, for being here this morning.

8 I want to start off with Rikers
9 Island. First, I want to thank you for your
10 specificity in your testimony in regards to
11 some of the things that need to be done to
12 reduce the population. I have a few
13 questions.

14 First, how many state parolees are
15 currently housed in Rikers Island for
16 technical violations?

17 MAYOR DE BLASIO: I have to get you
18 the exact number. The state parolees --
19 wait, I've been handed the exact number, look
20 at that.

21 SENATOR BENJAMIN: Fantastic.

22 MAYOR DE BLASIO: Six hundred thirty
23 on an average day.

24 So let's clarify this, that these

1 are -- because parole is handled by the
2 state, systematically. The parole violation
3 under the state domain still ends up with the
4 individual being in the city jail.

5 We're saying if the state were to take
6 responsibility for those 630 people on an
7 average day, relevant to the state's own
8 parole program, that would reduce Rikers'
9 population about 15 percent, just that one
10 action.

11 SENATOR BENJAMIN: Gotcha. Okay.

12 A second question is if there's
13 anything missing. I mean, I know sometimes
14 you have to truncate these testimonies. But
15 is there anything missing in terms of ideas
16 that you have that the state can do, in
17 addition to all these other ones that you
18 provided to us this morning?

19 MAYOR DE BLASIO: Well, these,
20 Senator, would be hugely important. I mean,
21 number one would be the bail reform and --

22 SENATOR BENJAMIN: Speedy trial.

23 MAYOR DE BLASIO: Yeah, the speedy
24 trial. I mean, right there you're talking

1 about shaving off a substantial amount of
2 time in our effort to close Rikers.

3 I don't think there's any one factor
4 more important than that. So literally, for
5 those -- and I know you're one of them -- who
6 passionately want to see the speediest
7 possible timeline, I've said -- we've had
8 detailed conversations -- I want the
9 speediest possible timeline too, but I'm
10 always going to be blunt and honest with the
11 people about what we see it as at this
12 moment.

13 If this Legislature were to pass bail
14 reform and speedy trial, it would be the
15 single biggest factor in reducing the
16 timeline for closing Rikers, unquestionably.
17 But obviously the parolee issue is a very big
18 deal and would be a very helpful piece of the
19 equation.

20 And we will continue to delineate -- I
21 mean, right now the state has facilities in
22 the city. We would like to be able to work
23 with the state on those facilities more
24 productively. There's many things we could

1 do. But number one is the legislation.

2 SENATOR BENJAMIN: Sure. So let me
3 just ask -- as you know, you have proposed
4 closing Rikers in 10 years, or committed to
5 that.

6 MAYOR DE BLASIO: Yes.

7 SENATOR BENJAMIN: I have introduced a
8 piece of legislation to close Rikers in three
9 years. Obviously, there's a time delta
10 between the two of us.

11 My question for you is, let's imagine
12 a world where we were able to pass every
13 single thing that you've asked for in this
14 testimony, including design-build. What
15 would you say would be a reasonable
16 timetable, assuming all this gets passed,
17 that we can close Rikers? I would imagine it
18 would be less than 10 years.

19 MAYOR DE BLASIO: Unquestionably it
20 would be less than 10 years. So --

21 SENATOR BENJAMIN: Okay. Do you have
22 a sense of timing of what you think?

23 MAYOR DE BLASIO: Well, let me give
24 you a few points very quickly. I mean,

1 you're talking about now major structural
2 change that we would love and we would
3 appreciate and it would make a huge
4 difference. Design-build, that we can't do
5 on our own; the parolees, we can't do on our
6 own; speedy trial, we can't do on our own;
7 bail reform, we can't do on our own.

8 If you did the whole package, you're
9 immediately talking about taking years off
10 the process.

11 SENATOR BENJAMIN: Any sense of years?

12 MAYOR DE BLASIO: I want to be
13 careful, because I want to do the math with
14 the team and come back with something very
15 specific. Unquestionably, multiple years.
16 And that's huge in this process.

17 We are aggressively moving with the
18 City Council on the land use process to
19 create the four new facilities. Land use
20 process, you know plenty about it. Right
21 there, that books in a certain amount of
22 time, and then construction books in a
23 certain amount of time. But those pieces are
24 going to move as aggressively as allowed

1 under the law. That alone, we know that's
2 the physical requirement. And honestly, that
3 is more than three years just because we know
4 what it takes to build major buildings in
5 New York City even under the most expedited
6 timelines.

7 But if the state would act on all
8 those pieces, it would be a game changer and
9 at minimum take off several years. And I can
10 come back with you on what exactly we would
11 project.

12 SENATOR BENJAMIN: So possibly five.

13 MAYOR DE BLASIO: I don't want to --
14 again, I want to be careful not to put words
15 in my own mouth.

16 SENATOR BENJAMIN: I understand. I
17 understand. I understand.

18 MAYOR DE BLASIO: Years plural,
19 unquestionably.

20 SENATOR BENJAMIN: Gotcha. So I've
21 got a quick question on education.

22 So one of the schools in my district,
23 Wadleigh Secondary School, runs from 6 to 12.

24 MAYOR DE BLASIO: Which one, sir?

1 SENATOR BENJAMIN: Wadleigh Secondary
2 School.

3 MAYOR DE BLASIO: Wadleigh, yes. Yes,
4 I know it. I've been there.

5 SENATOR BENJAMIN: It is a Community
6 Renewal school, and it's getting all the fair
7 funding, fair state funding.

8 Unfortunately, in the 6th to 8th grade
9 levels, proficiency in reading and math have
10 not improved over the years. So two
11 questions to that.

12 Number one is, if you noticed -- and
13 particularly in these schools that get this
14 extra funding, if you notice that there's not
15 performance, you know, who's held
16 accountable, I guess. You know, at what
17 point do you say, listen, this superintendent
18 or this principal is not performing and they
19 need to be removed or terminated or some new
20 thing has to come into place? That's number
21 one.

22 The second thing is as you look for a
23 new schools chancellor, how are you taking
24 into considering their focus on issues like

1 student performance and making sure that as
2 we do things like Community Renewal
3 schools -- which I totally agree with -- that
4 there is some sort of accountability as it
5 relates to schools that have been chronically
6 underperforming?

7 MAYOR DE BLASIO: It's an excellent
8 question.

9 So it certainly will be and has been a
10 major factor in how we choose a new
11 chancellor. I'm convinced the Renewal
12 initiative was the right thing to do. And we
13 said from the beginning we believe the number
14 of schools could graduate, and we're seeing
15 that now. We believe some other schools,
16 given enough work and investment, might take
17 a little longer but can get there. We
18 believe that's playing out.

19 But from the beginning we also said if
20 you make that kind of investment in a
21 concentrated way and a school doesn't come
22 around, some just don't have capacity to
23 improve past a point, then we'll close them
24 or we'll merge them, which we've been doing.

1 SENATOR BENJAMIN: How do you know if
2 it's an issue between the school or the
3 leadership? I mean, how do you decide --

4 MAYOR DE BLASIO: It's an excellent
5 point. And I've talked to the chancellor
6 case by case in a number of situations about
7 each school and what we assessed. In some
8 cases we did feel that there was a leadership
9 problem. In other cases, we did not.

10 Many times you've seen with the
11 Renewal Schools a change of leadership. And
12 many times you've seen also a deep
13 superintendent involvement. A superintendent
14 typically has many, many schools they cover
15 in a district, so a single historically
16 troubled school not turning around as quickly
17 as we want, I'm not sure that would be the
18 only way we'd think about that
19 superintendent. But that superintendent
20 clearly bears some responsibility. But most
21 especially we look at the principal. Some
22 principals have done an outstanding job
23 turning around troubled schools. Others have
24 not, there's been some major personnel

1 changes.

2 At the end of the day, we're going to
3 look at all of it. We're not afraid to make
4 those personnel changes. We've made a lot of
5 them -- as you know, right down to the level
6 of teachers. Since I came into office, we've
7 helped over 2,000 teachers to find a
8 different profession because they were not
9 doing as well as we would have liked for our
10 kids. So it's always factored in.

11 In the case of Wadleigh, I know the
12 history. We think pieces of that program are
13 viable long-term, other things need to
14 change. We'll have more to say on that soon.
15 But that's one I've definitely been directly
16 involved with.

17 SENATOR BENJAMIN: Thank you,
18 Mr. Mayor.

19 MAYOR DE BLASIO: Thank you.

20 CHAIRWOMAN WEINSTEIN: Thank you.

21 Our Education chair, Cathy Nolan.

22 ASSEMBLYWOMAN NOLAN: Thank you, Madam
23 Chair and colleagues. It's been a continual
24 struggle in all the years that I'm up here to

1 remind members and the folk that we educate
2 over -- several million children in our
3 state, the vast majority in public school,
4 but over a million of them are in the City of
5 New York. The next largest school district,
6 Buffalo, is a little over 30,000. Most
7 school districts of the close to 700 in our
8 state educate about 5,000 -- many of them,
9 about 5,000. I had more people at my high
10 school. We had 6,000 in the high school I
11 attended.

12 So the scale of the city schools and
13 the -- more children go to schools in
14 trailers in New York City that in many --
15 they're, for example, the size of many of the
16 school districts on, say, Long Island.

17 So the challenges for the city are
18 very, very great. And in all the years I'm
19 here, it's only in recent years that the
20 state has really come close to doing its
21 proper share of funding.

22 So what I would like the mayor to talk
23 a little bit about is the role that
24 Foundation Aid plays in righting that

1 balance, in addressing those problems.

2 I would also point out some of the
3 comments today -- we've worked very closely
4 on things like a cafeteria bill. The
5 information in some of that story came out of
6 a bill that we worked on under your
7 leadership, so that parents would have more
8 information. The same with Renewal Schools,
9 the same with the reauthorization of mayoral
10 control last year.

11 There is a vast and overwhelming
12 amount of information available about every
13 city school online, very easily available.
14 One of the advantages of mayoral control in
15 the last 15 years has been the centralization
16 of that information. When I started, you
17 could not get that information. Now that
18 information is available.

19 But the main thrust of this hearing
20 for me, and all the hearings that I've
21 attended under five mayors, is to get --
22 obviously, as chair of Education, I want to
23 have a statewide focus. I want the formula
24 to reflect the neediest kids, the special ed

1 kids. But I also, as someone from Queens --
2 we haven't even had anybody from Queens talk
3 yet, so I want to make sure I make the local
4 shout-out. But I think, as someone from the
5 city and a long-time observer of the Albany
6 scene, we have over a million children. We
7 have never really gotten what I believe they
8 should get.

9 So the role of Foundation Aid and the
10 Campaign for Fiscal Equity was critical in
11 starting to reverse that dynamic. But I
12 would like you to address it a little more --
13 there's only a sentence in the testimony --
14 and talk a little bit more about what this
15 budget does that might hurt city schools.
16 Because in the past, we've had a few
17 opportunities -- unfortunately, the
18 compromises that go on up here, and I felt
19 that city schools were unfairly hurt.

20 So I would like to hear you talk about
21 a little bit about that and talk a little bit
22 more about the million students that attend
23 school in New York City. And then remind
24 people that the next largest district is

1 30,000, and most districts are much smaller
2 than that.

3 MAYOR DE BLASIO: You're absolutely
4 right, Assemblymember. And in fact there are
5 more kids in New York City public schools
6 than there are of people in some states of
7 the union, that's the sheer magnitude of it.

8 And there was historic underinvestment
9 in our schools. The Campaign for Fiscal
10 Equity case was decided by the Court of
11 Appeals. It wasn't gray, it was a clear
12 decision mandating the state -- not just for
13 the City of New York, but for other cities
14 around the state and for rural areas as well
15 that were not getting their fair share.

16 I would argue that not only do we have
17 a legal obligation as a state to live up to
18 the CFE decision, but also in terms of
19 preparing our kids for the 21st century, it's
20 the best investment we're going to make for
21 the future of our state.

22 What does it mean in terms of the
23 city, as you asked? Well, first of all,
24 you're right, there's a huge amount of

1 information we put forward. This is an
2 advantage of mayoral control, is everything
3 is concentrated and focused. There's one
4 person held accountable, that's me. And we
5 provide a huge amount of information to the
6 state and publicly available online about all
7 that we're doing.

8 On what we would do if we were getting
9 the levels of funding mandated under the CFE
10 decision, we would address the fair funding
11 formula immediately. That would be one of
12 the most important priorities that we would
13 have. If we saw the kind of increases that
14 were mandated under the CFE decision, we
15 would close that gap on fair funding. We'd
16 be able to do that in just a few years and be
17 done forever. Every school would be at the
18 100 percent level. I know there's a lot of
19 passion on that issue amongst your
20 colleagues. Help us to get there.

21 The gap that you asked about right now
22 is over \$200 million compared to what we
23 expected just based on recent years'
24 funding -- not even compared to what it would

1 be if CFE were fully implemented. So if we
2 could get back to the kind of funding we saw
3 in previous years, we would immediately
4 invest that in addressing fair funding. If
5 we got to the levels mandated by CFE, we
6 could wipe out the gap and have all schools
7 funded at the 100 percent level.

8 ASSEMBLYWOMAN NOLAN: And then the
9 proposals on some of the charter school
10 funding, how does that hurt the City of
11 New York?

12 MAYOR DE BLASIO: It hurts us because
13 it is the epitome of an unfunded mandate.
14 This is money that was mandated by the state
15 that the state used to contribute toward.
16 Now the state is backing away from the
17 contribution while raising the requirements
18 under the mandate.

19 So you heard the numbers I referred
20 to. This is becoming very, very substantial
21 money. And this is not -- you know, the city
22 certainly didn't ask for these additional
23 mandates. But if the state wants to put them
24 on, then it's incumbent, in my view, on the

1 state to add the funding to go with it.

2 Hundreds of millions of dollars.

3 By the way, again, if you're talking
4 about a devotion to addressing the fair
5 funding, then get rid of that unfunded
6 mandate, and that's another way that would
7 help us continue to make efforts on fair
8 funding.

9 CHAIRWOMAN WEINSTEIN: Thank you.

10 CHAIRWOMAN YOUNG: Senator Hannon.

11 SENATOR HANNON: Thank you very much.

12 Thank you very much, Mr. Mayor.

13 Appreciate your patience and your articulate
14 presentation.

15 I noticed in your written testimony
16 you made scant mention of the healthcare
17 system in New York City, mentioning only an
18 Obama-era change in disproportionate share
19 payments. But I would like to know what the
20 city is doing in its commitment to moving
21 forward with now H+H, because those hospitals
22 form a core of healthcare in the city, and it
23 has not been objectively sustained in the
24 past few years -- not just your

1 administration, but your obligation really
2 now in going forward.

3 MAYOR DE BLASIO: Senator, I
4 appreciate the question very much, and thank
5 you for your kind comment. I would say this.

6 You're absolutely right that we need
7 to put our public hospitals on a sustainable
8 footing. Our new president of our public
9 hospitals, of H+H, has immediately taken the
10 reins with the goal of taking the
11 transformation plan that's been begun and
12 deepening it.

13 We've said very clearly we'll make
14 major cost reductions through attrition, that
15 we have to update the entire apparatus, we
16 have to make it more appealing to a larger
17 customer base.

18 I've been clear about the things we
19 won't do. We're not going to close major
20 facilities, we're going to repurpose them,
21 because we think there's a tremendous amount
22 of need that we can address in a smarter way.

23 We're not doing layoffs of members of
24 labor unions who have been serving the city,

1 but we are transferring people, retraining
2 people. We're doing a number of other things
3 to reduce costs. But it could never --

4 SENATOR HANNON: Have you made that in
5 terms of the timetable? Is there an
6 announced program to do that?

7 MAYOR DE BLASIO: Yes.

8 SENATOR HANNON: I've heard the same
9 thing when you had the prior head of H+H come
10 in, and then he left when apparently none of
11 that was able to be done.

12 MAYOR DE BLASIO: Well, no, I wouldn't
13 say -- Senator, I would argue that he did
14 make -- Mr. Raju made major reforms that
15 helped us to create more of a pathway to
16 sustainability.

17 And, you know, a few years ago the
18 city had to put very substantial resources in
19 just for the solvency of Health + Hospitals.
20 We have not had to do that this year. The
21 financial situation has stabilized.

22 The danger now, the biggest danger is
23 what will happen with the DSH payments, first
24 and foremost, and then any potential danger

1 in terms of Medicaid cuts up ahead from the
2 federal government. But if those problems
3 can be averted, we're in a much more stable
4 place because we did a lot of attrition. I
5 will say under Mr. Raju and then under the
6 interim leader, Stan Brezenoff, we moved out
7 a lot of personnel to reduce costs and we
8 began a lot of the restructuring. Mitch Katz
9 is now going to take it to the next level,
10 and you're going to see additional
11 restructuring.

12 But we have no illusions, Senator,
13 that the previous way of doing things was
14 acceptable. It was not sustainable, your
15 word is the exact right word. We're making
16 major changes.

17 SENATOR HANNON: We agree.

18 Maybe we don't agree on the next
19 topic, which is getting the subways to run.
20 In your testimony you talked about trying to
21 say that you don't have capital obligation
22 commitments from the City of New York, and
23 you go through the long history. Well, I've
24 gone through that history also and I think

1 the city does have capital obligations as
2 well as has obligations to what we're trying
3 to do for operating expenses.

4 And I really have to disagree with
5 your statement in your testimony that you
6 don't have the capital obligations.
7 Mr. Lhota has pointed out you still own the
8 subway, even though it's operated by the MTA
9 under lease.

10 But we need to get a commitment out of
11 this going forward. I have constituents --
12 we're probably out of the outer boroughs, out
13 near Long Island, but they depend on the
14 subway as much as anybody else who uses it.
15 And you made -- in your own testimony you
16 said 70 percent of the riders are New York
17 City residents. Well, we got the other
18 30 percent, and they count on it too.

19 MAYOR DE BLASIO: I'd absolutely agree
20 with that point. And we want to make sure
21 that there's a fair resolution for the subway
22 situation. Now, that 70 percent I referred
23 to is where all the revenue is coming from,
24 New York City taxpayers and New York City

1 government making contributions right now.
2 And I remind you of the \$2.5 billion that we
3 added in capital -- not because we had a
4 legal mandate, we did not. We made a choice
5 to do that.

6 Look, I would argue, Senator, that we
7 saw an evolution over 65 years that
8 regardless of the underlying ownership
9 structure, what's happened is the State of
10 New York has come to control the MTA -- the
11 decision-making, the budget, all elements of
12 the MTA reality.

13 We are willing to work, as we do very
14 productively in some areas -- for example,
15 Select Bus Service has been a collaboration
16 between the city and the MTA. We both fund
17 it, it's been very effective. But that's
18 been where there's been a fair
19 decision-making process and specific goals
20 we've agreed to. But we do not agree --

21 SENATOR HANNON: My point is when it
22 came to redoing subway stations, you guys
23 were going to veto it, and you got the MTA to
24 delay it. That shows that you have a certain

1 amount of power there, like a vote, and you
2 can control these things if you want.

3 But it's not so much the legal
4 obligation -- which I would contend in the
5 middle of it we had to change, because the
6 city almost went bankrupt in the '70s. Had
7 to change. So we've continued from there.
8 But I think it's more of the policy
9 obligation that the city and the state faces
10 to make sure the system works so we can
11 maintain a great viability in the economy.
12 And I don't find the mutual commitment to
13 that that's necessary.

14 MAYOR DE BLASIO: Senator, let me --
15 with all due respect to the point you made
16 about that specific vote, where we were in
17 the minority but we believe that the plan
18 that was offered did not address the
19 essential problem, which is the subways not
20 running on time and not being reliable.

21 SENATOR HANNON: I think you had the
22 veto power. Is that not correct?

23 MAYOR DE BLASIO: Again, on that vote
24 we were in the minority. We stated a

1 position which I stand by, that the spending
2 by the MTA should focus on the fundamental
3 operations of the subways, not the platforms,
4 not other extraneous matters, but getting the
5 subways to work on time. We do not have a
6 controlling vote on that board.

7 The fact is, we've made major
8 contributions, we put a lot of money into the
9 MTA right now, directly from the city
10 government and also through our taxpayers and
11 our residents. We made that capital
12 contribution.

13 But the notion that the overall
14 capital costs would suddenly be foisted on
15 the city and the state continues to control
16 the MTA apparatus -- that is a fact, that
17 Mr. Lhota was appointed by the Governor.
18 That's abundantly clear.

19 SENATOR HANNON: Mr. Mayor, we have a
20 \$30 billion capital program. The state's
21 putting in about 30 percent, the city's
22 putting in about 9 percent. I think the
23 difference, the disparity, is enormous.

24 I think it's not so much the numbers,

1 though. It's the commitment to do it,
2 improve the system, make it move forward so
3 we don't have a summer of hell.

4 MAYOR DE BLASIO: Senator, again, your
5 arguments are -- I respect them, I understand
6 the logic. I only ask that you hear my
7 logic.

8 One, 65 years of experience tells us
9 the truth. The city is not legally
10 responsible for those capital costs. We're
11 responsible for education, public safety,
12 sanitation, a whole host of things, but we're
13 not responsible for the capital costs of the
14 MTA.

15 Second, we are very concerned about
16 the outcome. We would like to see a good
17 outcome. We have contributed previously
18 voluntarily. That's what that 2.5 billion --
19 that was not based on any specific legal
20 requirement we did that. We did that because
21 we thought it was a fair situation to
22 contribute to.

23 But now that we're talking about the
24 long-term needs of this agency, again, we may

1 disagree but we've put forward -- I've
2 certainly supported, with a number of members
3 of the Assembly and the Senate, have
4 supported the notion of a millionaire's tax
5 with the Fair Fare attached as the best way
6 to move forward. Others disagree.

7 We are going to work with this
8 Legislature very collegially toward whatever
9 is the right long-term solution. But there
10 must be, I believe, at the end of this
11 session a long-term funding mechanism for the
12 MTA. That's in all of our interests. But
13 that does not answer the fundamental question
14 of how decisions are currently made in the
15 MTA. The City of New York does not -- there
16 may be a few narrow areas where we
17 structurally have some power, but in terms of
18 the MTA board, ultimately we don't. We don't
19 decide the budget, we don't decide the
20 leadership, we don't decide the direction, we
21 don't decide the spending priorities.

22 So I would just caution that I think
23 those realities are quite clear that -- but
24 of course we want to be at the table with you

1 to determine a solution. We absolutely want
2 a solution. And it must be a long-term
3 funding mechanism.

4 SENATOR HANNON: Then you're going to
5 need suggestions, and not the millionaire's
6 tax, which probably isn't even alive on
7 arrival, being dead at the beginning. So we
8 need many more suggestions than we've heard.

9 MAYOR DE BLASIO: And we -- my team
10 and I will sit at the table with members of
11 the Legislature throughout this session,
12 because I would argue by June 30 this issue
13 has to be resolved for the long term for all
14 of us, and we will work with the Legislature,
15 both houses, Democrat and Republican alike,
16 to help achieve that solution. We're
17 absolutely ready to do that.

18 I remind you we -- in the proposal on
19 the millionaire's tax -- and I understand
20 ideologically there are some real
21 differences, potentially. But I do want to
22 say working with members of the Senate and
23 Assembly, we did structure it just to be
24 directed at New York City residents, to try

1 and respect the fact it's a New York City
2 problem, we're looking for New York City
3 resources to solve the problem, in that case
4 through taxation. But if that is not what
5 ultimately is going to win the day, we will
6 work with this Legislature on other options.

7 SENATOR HANNON: Thank you.

8 MAYOR DE BLASIO: Thank you.

9 CHAIRWOMAN WEINSTEIN: Thank you.

10 We've been joined by Assemblywoman
11 Wallace and Assemblyman Dan Stec.

12 And to Assemblyman Buchwald for a
13 question.

14 ASSEMBLYMAN BUCHWALD: Thank you,
15 Madam Chairwoman.

16 And thank you, Mr. Mayor, for being
17 here, as always.

18 A week and a half ago at one of these
19 hearings I gave MTA Chairman Joe Lhota an
20 opportunity to interpret some of your
21 remarks, and you'll be happy to learn that he
22 passed on the opportunity. But I'd like to
23 ask --

24 (Laughter.)

1 MAYOR DE BLASIO: He's a gentleman.

2 ASSEMBLYMAN BUCHWALD: I'm sure.

3 But I'd like to ask you the question
4 directly. Mr. Mayor, you've urged, including
5 today, that assurances be given that revenues
6 raised through any Manhattan car-pricing zone
7 go to New York City subways and buses. Can
8 you help the State Legislature to understand
9 the implications of that request?

10 Are you saying that the money
11 collected from transportation needs to be
12 dedicated to transportation? Which is a
13 principle I very much agree with. Are you
14 saying that you're opposed to even a small
15 percentage of funding going to the roads and
16 bridges of New York City? Or are you saying
17 that you are opposed to any of the new
18 revenue going to the MTA's commuter
19 railroads, despite the fact that a
20 significant percentage of the money raised
21 will come from residents of the suburbs of
22 New York City, and the fact that the better
23 the service on Long Island Railroad and
24 Metro-North Railroad, the less congestion

1 there will be in New York's central business
2 district?

3 MAYOR DE BLASIO: Assemblymember, I
4 understand the arguments you make, of course.
5 But I would like to refer to a point that the
6 Senator made before, that folks who come into
7 the city from the suburban counties -- and we
8 value them, we appreciate them, all they do
9 for the city. And we think the city does a
10 lot for the metropolitan area; we're all in
11 this together. But they depend on our buses
12 and subways every single day as well.

13 I would argue that the money raised
14 should be singularly focused on buses and
15 subways. And the reason I'd argue that, we
16 have tremendous other needs infrastructure-
17 wise. The City of New York is putting a huge
18 commitment into our roads and bridges. We
19 have, I think the fact is, over a hundred
20 bridges that are over a hundred years old in
21 New York City. So we have massive
22 infrastructure needs.

23 Our hope and prayer is to address that
24 through eventually some kind of bigger

1 federal infrastructure plan. I think it's
2 the only way viable to do that on a
3 sustainable basis.

4 But in terms of the needs of the MTA,
5 which I think is core to the future of the
6 city and the state, we've got to fix this
7 system once and for all. And we only do that
8 with a consistent revenue infusion and a
9 focus on the fundamentals -- the signals, the
10 electronics, the basics that allow the subway
11 system to run. That's where the money needs
12 to go.

13 And look, we also know there are parts
14 of the outer boroughs that are still
15 profoundly underserved by mass transit. We
16 can't be a functioning city of, right now,
17 almost 8.6 million, on the way to 9 million
18 as early as 2030. We can't function if we
19 don't spread the mass transit more widely.

20 So I would argue that is the fair way
21 to approach it and that that will also
22 benefit a number of suburbanites as well.

23 ASSEMBLYMAN BUCHWALD: Mr. Mayor, I
24 appreciate those remarks. Obviously I think

1 I'm arguing for it to be spread more widely,
2 of course, as well. And if I were to concede
3 the point, which is no doubt true, that
4 suburbanites make use of the subways and
5 buses in New York City, would you also be
6 willing to concede the point that New York
7 City residents make use of the commuter
8 railroads as well, not least to
9 reverse-commute but also to travel within the
10 city, but also that New York City businesses,
11 of course, are also reliant on having folks
12 use the commuter railroads to get to their
13 places of employment.

14 MAYOR DE BLASIO: I would concede the
15 fact while noting the matter of degree. I
16 think the number of city residents that use
17 the commuter railroads is obviously much
18 smaller than the number of suburbanites who
19 use our subways and buses. But of course
20 there's interchange both ways. We're all in
21 this together. By no means do any of my
22 comments underestimate that we need better
23 mass transit for the entire metropolitan
24 region for all of our good.

1 But I think if we don't fix the subway
2 system long-term, then our lifestyle and our
3 economy is undermined for all of us. And
4 that's why I think it's job one.

5 ASSEMBLYMAN BUCHWALD: Thank you very
6 much, Mr. Mayor and Madam Chairwoman.

7 CHAIRWOMAN WEINSTEIN: Thank you.

8 CHAIRWOMAN YOUNG: Thank you.

9 Senator Savino.

10 SENATOR SAVINO: Thank you, Senator
11 Young.

12 Thank you, Mayor, for your testimony.

13 And since I only have five minutes,
14 I'm going to try and do this quickly.

15 So first off, I share your concerns
16 about the effects of the child welfare cuts,
17 the loss of Close to Home funding and the
18 effect it will have on the implementation of
19 the Raise the Age. Tomorrow is the Human
20 Service budget hearing, so I assume we will
21 be weighing in very heavily with the state
22 agencies to try and explain how they think it
23 makes sense.

24 There's some discrepancies about Close

1 to Home, but there's one thing I know. In
2 2012 when it went into effect, we had 900
3 young people at Rikers Island. Today there's
4 only 170, because we turned a lot of kids
5 around through Close to Home. So I just want
6 to echo my support for that.

7 I'm not going to reiterate the
8 comments about property taxes, although I did
9 get my own bill recently and it says my house
10 is worth \$500,000. There is nothing in that
11 house worth \$500,000, including me,
12 Mr. Mayor. So this begs -- you know, this
13 commission really does need to come forward.

14 I think Senator Hannon covered a lot
15 of what I wanted to say about the MTA. But I
16 wish that we could come to some resolution.
17 The Subway Action Plan is so critical to the
18 immediate need while we search for the
19 long-term solution. Whether it's the Fix NYC
20 proposal or the Move NY plan, which I've been
21 supportive of, we need to find a real
22 solution to it that has city and state
23 working together. Because after all, they
24 are city residents and state residents as

1 well who are suffering because of the delays
2 on these trains.

3 One issue I would like your help with
4 with respect to the MTA -- you may not recall
5 this, but five years ago you stood at a
6 subway station with myself and Assemblyman
7 Cusick, and we introduced legislation based
8 on the rise in subway sex crimes. That
9 number continues to go up. As we speak,
10 they're up 51 percent since last year. The
11 NYPD does a great job on it, but we passed
12 the legislation -- that you helped me
13 draft -- in the Senate five times. So if you
14 could use your considerable influence with
15 some of the members of the Assembly to try
16 and get it out of the Assembly, it's
17 critically important to safety in the
18 subways.

19 And finally, I want to shift to an
20 authority that you do have full control over,
21 and that is the New York City Housing
22 Authority. My staff spends more time talking
23 to Brian Honan -- I see him back there --
24 than they probably do to their own family

1 members.

2 I represent 20 different housing
3 developments -- 14 in Coney Island, six in
4 Staten Island, and there are others in Staten
5 Island that are equally represented by
6 Senator Lanza. The conditions of the
7 New York City Housing Authority, as you know,
8 are deplorable, whether it's the lead paint
9 scandal or mold in apartments or broken
10 elevators or the boilers or whatever the case
11 may be.

12 And I've seen the back-and-forth about
13 who's responsible for what. The State of
14 New York may -- and I'm not going to deny
15 that over the years, there was a
16 disinvestment first on the federal level, the
17 state did not put enough in. But we are
18 trying with \$300 million over the last two
19 years. We need to know what's going to
20 happen with that money and how people are
21 going to begin to see improvements in the
22 conditions that they live in. Whether
23 it's -- cleaning the hallways would be a
24 great step for some of the developments, to

1 repairing roofs and windows, the conditions,
2 again, that people live in are deplorable.
3 And we would not allow any other landlord in
4 the City of New York to get away with that.

5 So I'm hoping that you can give me
6 some explanation of what we're planning to do
7 with the money the city is sending, the money
8 that the city's putting in, and how we're
9 going to see improvements in the lives of the
10 people who live there.

11 MAYOR DE BLASIO: So, Senator, thank
12 you very much for all your comments.

13 On this point -- and look, I've spent
14 a lot of time talking to residents of public
15 housing over the years in public service.
16 I've spent a lot of time in those buildings.
17 I have no illusions about the extent of the
18 problem. As you know, for quite a while we
19 cited the figure that we determined at the
20 beginning of the administration of
21 \$18 billion needed to bring all those
22 buildings up to the quality levels the
23 residents deserve. That number is likely
24 going up. Some other estimates have been as

1 high as \$25 billion.

2 We've got to be honest with people,
3 and I do think residents understand and
4 appreciate this point. You cannot make up
5 for that magnitude of disinvestment over many
6 decades with, you know, immediate actions.
7 It's just not going to be everything we want
8 it to be.

9 Now, the fact that the city -- unlike
10 any time frame in the past, the city has
11 committed now 2.1 billion in capital funding,
12 1.6 billion in expense funding. No one ever
13 saw anything like that before, that kind of
14 level of commitment. We're going to continue
15 that. We're very committed to it, very
16 devoted to it. It is leading to really big
17 changes.

18 The capital commitment means 900 to
19 1,000 roofs will be fixed, and that will
20 address the mold issue in those buildings.
21 Obviously the new commitment we've made on
22 boilers means for the 20 most troubled
23 commitments, they're going to get not just
24 boilers, but whole buildings have to be

1 redone to allow the heating systems to work.

2 It's a massive undertaking.

3 There's an immediate thing that would
4 help, an immediate action that would help.
5 We do have a proposal still before the state,
6 it's now been months, for the \$200 million
7 for boilers and elevators. It's still not
8 been moved on by the executive branch. We
9 would really appreciate your help in getting
10 those resources to move.

11 But the answer is, you know, when we
12 came in, we tried to jettison a lot of the
13 broken policies of the past. We ended the
14 payments by NYCHA for policing, which made no
15 sense. We ended the tax payments, the PILOT
16 payments that NYCHA made to the City of
17 New York. We put forward a faster repair
18 schedule, which we're adhering to. We
19 obviously improved the public safety dynamic
20 in a number of developments. We're going at
21 the roof problem and the facade problem on a
22 huge level. It's endless, honestly, but we
23 intend to keep doing it and to make it
24 better.

1 And look, we have a new general
2 manager. I don't know if you've ever worked
3 with Vito Mustaciuolo, but he is --

4 SENATOR SAVINO: I know him well.

5 MAYOR DE BLASIO: He's a living legend
6 in this city government, and we're thrilled
7 that he was ready to step into this role. I
8 think he's going to help us to make some
9 major improvements as well.

10 But this will be -- every day I'm
11 mayor we're going to be working on this,
12 because we're talking about decades of
13 mistakes that we're trying to make up for.

14 SENATOR SAVINO: I had a long
15 conversation with Vito on Friday. I first
16 questioned his sanity for taking on this
17 role. But he is definitely prepared and
18 ready to do it.

19 Just one final point on NYCHA. I met
20 with the chair two weeks ago in my office,
21 and she expressed to me this concern about
22 senior housing and that NYCHA would like to
23 get out of the business of managing the
24 senior developments. I'm not sure if that's

1 an actual policy proposal or that's just her
2 own thing, but I think it's something worth
3 looking into. Some of the senior
4 developments might benefit from an
5 alternative managing style, perhaps with a
6 social service component. Many of our
7 seniors who are living alone quite frankly
8 should no longer be alone. You come into
9 senior housing at 65, but many of them live
10 into their late 80s. Many of them are --
11 since there's very little social services in
12 these buildings, there's -- some of them are
13 hoarding, they're suffering from dementia, no
14 one visits them. And so I think it's worth a
15 look at perhaps taking care of these
16 properties separately from the overall asset.

17 MAYOR DE BLASIO: It's a very fair
18 point. It's not a policy matter, I think
19 it's a legitimate question and a legitimate
20 concern that you raise and the chair raised
21 about we have to examine different approaches
22 going forward.

23 But I want to emphasize, because I get
24 asked this wherever I go, we are adamant

1 about public housing remaining public. We'll
2 never accept any kind of privatization
3 scheme. That doesn't mean we can't work with
4 other management approaches that still could
5 be helpful while maintaining public ownership
6 and control.

7 On the senior point, we have a bigger
8 challenge in New York City -- and the whole
9 state, the whole country -- that we are going
10 to have a bigger senior population than ever
11 before. We really don't have the policies in
12 place for it. We're going to try in the
13 coming months to start to put together more
14 comprehensive planning for a more senior
15 city.

16 But I think the point you make is a
17 really good one, that there's a lot of
18 seniors who would really benefit from being
19 more supported and more connected. And
20 smaller things, too, like one of the things
21 we announced in the preliminary budget, a
22 very small initiative but one that we think
23 will help a lot, to help seniors who have
24 extra space in their apartment or their home

1 and are willing to rent that space out, to
2 match them with someone appropriate so that
3 they benefit from that income but also
4 someone who can do chores for them. It's a
5 really interesting kind of communal approach
6 to the reality of a more senior city. And
7 we're excited about what that might allow us
8 to do.

9 SENATOR SAVINO: Thank you. I'm out
10 of time, but thank you for your comment.

11 CHAIRWOMAN WEINSTEIN: Thank you.
12 Assemblymember Ortiz.

13 ASSEMBLYMAN ORTIZ: Thank you, Madam
14 Chair.

15 And good afternoon, Mr. Mayor. And I
16 thank you for being here with us and for your
17 testimony.

18 Before I start my few questions, I
19 just would like to make a quick statement by
20 thanking you for hurricane relief and helping
21 the people of Puerto Rico and having the
22 police department, the fire department, and
23 workers from the City of New York to really
24 go to Puerto Rico -- and I do believe they're

1 still there in Puerto Rico, some of them,
2 going back and forth, for --

3 MAYOR DE BLASIO: Yes.

4 ASSEMBLYMAN ORTIZ: And on behalf of
5 the people of Puerto Rico, I would like to
6 really say thank you to you. Thank you very
7 much.

8 MAYOR DE BLASIO: Thank you. And we
9 will maintain long-term commitment to the
10 people of Puerto Rico.

11 ASSEMBLYMAN ORTIZ: Thank you.

12 I have a couple of questions regarding
13 the -- I'm going to go first to the MTA.
14 What percentage of the funding of the MTA is
15 city, state and federal?

16 MAYOR DE BLASIO: I can't speak to the
17 federal or the state. As I told you, in
18 terms of direct funding from the city and our
19 people, it's approximately \$10 billion
20 annually. And again, it's about 70 percent
21 of MTA revenue comes from either the people
22 of New York City or people working in
23 New York City or the city government
24 directly.

1 ASSEMBLYMAN ORTIZ: The City of
2 New York is projecting a surplus of
3 \$5-plus-billion for this year. We are
4 talking about the congestion pricing as we
5 speak. I remember in my days in OMB -- I
6 spent a lot of time in OMB -- when Ed Koch
7 would say to us, go there and find out more
8 revenue. And we would do this analysis, and
9 we'd come up with analysis of new ideas, new
10 revenue producers for the City of New York,
11 expecting that that will be used for social
12 services, for education and so on and so
13 forth.

14 One of my biggest fears and concerns
15 about the congestion pricing is that once we
16 do that, I want to make sure that that money
17 will be earmarked for the purpose and the
18 objective of what we are planning to do, and
19 use that money wisely. Would you agree?

20 MAYOR DE BLASIO: I agree a hundred
21 percent, Assemblymember.

22 And, you know, someone said to me the
23 other day there's all sorts of history of the
24 public being asked to do things and promised

1 that the money would be used one way and
2 then, lo and behold, the money gets used a
3 different way.

4 That would be a situation that would
5 be very damaging, if any kind of revenue
6 plan -- whether it's my preferred option,
7 which is millionaire's tax, or if people
8 prefer congestion pricing or any other plan,
9 if we all agreed on a revenue vision and then
10 woke up to find the money went elsewhere.
11 You know, I've raised the concern in the past
12 that some money that was focused and
13 dedicated for the MTA unfortunately was
14 migrated to other needs. I think that hurt
15 the MTA. We don't want to see that happen
16 again.

17 So my fundamental belief is whatever
18 revenue package is put together for the MTA,
19 that money must be earmarked for New York
20 City subways and buses. The need to fix our
21 subway system and our bus system is massive.
22 And again, it's the core of the regional
23 economy. You can make this argument in very
24 human terms. So many of our constituents --

1 and you and I are Brooklynites, we live very
2 near to each other. You know, we know how
3 much of the lives of our constituents depend
4 on subways and buses that run effectively.

5 But literally, if you want to be more
6 economic in your thinking, the entire
7 regional economy hinges on our subway and bus
8 system. So that's where the money needs to
9 be dedicated. It needs to be a lockbox.
10 There need to be guarantees, legally binding
11 guarantees against that money migrating out
12 of city mass transit needs and, you know, God
13 forbid it migrated to other budgetary needs
14 elsewhere. Whatever happens here has to come
15 with real guarantees.

16 ASSEMBLYMAN ORTIZ: I just would like
17 to echo my colleagues on the issue of NYCHA.
18 As you know, I represent Red Hook Houses,
19 which is one of the largest New York City
20 Housing complexes in the City of New York.

21 One of the issues that I have is you
22 mentioned about \$200 million for -- moving
23 forward for 20 developments. Is Red Hook
24 part of that 20 developments?

1 MAYOR DE BLASIO: We can get you the
2 list.

3 And that is -- I want to emphasize
4 that we've already put hundreds of millions
5 of dollars into new heating systems previous
6 to some of the challenges we face this
7 winter. You know that a lot of this came to
8 the fore because we had some of the coldest
9 temperatures in decades for a few weeks.

10 So the new investment that we put in
11 the budget is 200 million to focus on those
12 20 big developments with the biggest
13 problems. But previously, we had already put
14 in hundreds of millions, and it's something
15 we'll be committed to for the long haul.

16 I can get you a list; I don't know
17 specifically about Red Hook Houses, but I can
18 get you a list.

19 ASSEMBLYMAN ORTIZ: I'm looking at the
20 clock very quick. Just very quick, to
21 finalize. I also would like to ensure that
22 as we're moving forward with the BQC that we
23 also pay attention to the BQE.

24 And I also -- I have written a letter

1 to the commissioner asking for air quality
2 monitoring as a result that -- as you know,
3 we have a lot of asthma, bronchitis. And if
4 you go to P.S. 1, P.S. 314, P.S. 506 -- and
5 now we changed the number -- 971,
6 Telecommunication, and P.S. 29 in
7 Henry Street, the incidence of asthma in
8 their schools are higher than the people that
9 are on the other side of Fourth Avenue, as a
10 result of the emission that is coming out.

11 So I hope that you can direct some of
12 your folks to work with me very close to put
13 air quality monitoring in the Sunset Park
14 area, including the BQE. Thank you.

15 MAYOR DE BLASIO: Appreciate it.
16 Thank you.

17 CHAIRWOMAN WEINSTEIN: Thank you.
18 Senate?

19 CHAIRWOMAN YOUNG: Senator Croci.

20 SENATOR CROCI: Thank you, Mr. Mayor.
21 Appreciate your testimony here today.

22 I represent the Third Senate District
23 on Long Island, Suffolk County. And as
24 you're no doubt aware, we've had tremendous

1 challenges and very violent killings by
2 MS-13. It's only because of the hard work of
3 local law enforcement and federal partners
4 that we've been able to really turn the tide
5 and bring to justice individuals who are
6 suspected of committing some of these
7 killings.

8 I'll say, full disclosure, that I've
9 had the opportunity to work with the NYPD
10 over the years and recently toured the
11 academy under Commissioner O'Neill. I'm
12 aware of your work, not only counterterrorism
13 and our security here, but also abroad, the
14 NYPD and their work abroad. So I'm extremely
15 satisfied that we have the very, very best I
16 would say models in leadership and in their
17 profession in the NYPD.

18 I am concerned about the ongoing flow
19 of heroin that comes -- of course it's not
20 produced here in the United States, but it
21 does flow through our state and out to our
22 island. The close cooperation between the
23 federal authorities and our local law
24 enforcement has been, as I said, essential in

1 combating this. The Governor, our Governor
2 in September of last year put forward an
3 executive order which detailed how state law
4 enforcement could cooperate with federal law
5 enforcement. I was wondering if you have any
6 executive orders which limit the ability of
7 federal law enforcement and city law
8 enforcement to cooperate.

9 MAYOR DE BLASIO: So thank you very
10 much for the comments you made about the
11 NYPD. And we pride ourselves on the kind of
12 cooperation with all law enforcement
13 entities.

14 Part of what has happened in the fight
15 against terror that has been a great success
16 is the deepening relationship between the
17 NYPD and the FBI and all the members of the
18 Joint Terrorism Task Force. Not so long ago,
19 there were some disconnects there.
20 Unfortunately, in other parts of the world we
21 see disconnects between different law
22 enforcement levels and entities, but here we
23 actually have achieved a very high level of
24 coordination in fighting terror. It's been

1 one of the reasons that so many plots have
2 been foiled. And we always want to work with
3 our colleagues in all counties of the state
4 in continuing that work.

5 On the question of cooperation with
6 the federal government, again, if you're
7 talking about antiterror, it's exceptional.
8 If you're talking about the obvious question
9 of immigration, we have a city law in fact --
10 it's not an executive order, it's a city
11 law -- that delineates the form of
12 cooperation. There's 170 serious and violent
13 offenses where we do cooperate. And we
14 believe that's the right approach.

15 We obviously -- look, I would
16 differentiate the two pieces very distinctly.
17 When it comes to fighting crime and fighting
18 terror -- and you're exactly right, that that
19 gang is a horrendous affront to the people of
20 this -- of our city, of your county and the
21 whole country. We're going to fight them at
22 every corner.

23 On the question of some of the
24 national environment and the specific

1 approach that we've seen ICE take in some
2 cases, we disagree with some of the specific
3 actions they've taken and the approach
4 they've taken. We still will follow our own
5 law, obviously, in terms of cooperation, but
6 there's other areas where we have a
7 disagreement, most notably on asking people
8 documentation status.

9 And this is something Commissioner
10 O'Neill feels very strongly about,
11 Commissioner Bratton felt strongly about
12 before him. And to be fair and to show it's
13 bipartisan, it was a policy that Mayor
14 Giuliani had in place, just as I do, that the
15 NYPD will not ask documentation status
16 because we must maintain open communication
17 with all immigrant communities, and we have
18 millions of immigrant New Yorkers.

19 So just to say that's something we
20 feel adamantly about, and we do have a
21 difference with the federal government, but
22 there are still obviously areas where we
23 cooperate. And particularly in the fight
24 against terror, we have close, close

1 cooperation.

2 SENATOR CROCI: So I would categorize
3 what has been happening in my community and
4 the individuals perpetrating it, it's not
5 simply a criminal organization, but the
6 tactics they use are akin to some of the most
7 successful terrorist groups. And we refer
8 to it as narcoterrorism, which I think is a
9 more accurate way to describe it.

10 I would just like to follow up to ask,
11 has the City of New York received from the
12 Department of Justice or Homeland Security or
13 any other federal agency any notices that you
14 could be in jeopardy of losing federal
15 monies? We've seen recently a very public
16 one about road signs, but this is far more
17 important to me. And I'd like to know if the
18 federal government has put you on notice that
19 there could be holes in your budget this year
20 that the Legislature should be aware of.

21 MAYOR DE BLASIO: Oh, absolutely. And
22 this has now been going on for a year. And
23 it refers to the Byrne grant program --

24 SENATOR CROCI: And what's that

1 amount, sir?

2 MAYOR DE BLASIO: Say again?

3 SENATOR CROCI: What's the amount that
4 could be in jeopardy?

5 MAYOR DE BLASIO: We're going to check
6 right now the exact amount. But the threat
7 remains. There has not been a specific
8 budgetary action taken, but the threat has
9 been reiterated many times and our answer
10 remains consistent. We believe we are
11 functioning 100 percent within federal law
12 and within the recent decision of the
13 Supreme Court in 2012, and we're doing what
14 is appropriate to protect our city.

15 You know, again, if this ever ends up
16 coming to loggerheads, we'll go into court to
17 resolve it. But we feel very strongly that
18 our position is in compliance with both
19 federal law and our city law.

20 SENATOR CROCI: So this is
21 specifically your reading of 8 USC 1324,
22 which talks about harboring?

23 MAYOR DE BLASIO: I'm not a lawyer, so
24 you'll forgive me, I can't quote the chapter

1 and verse. But again, we've --

2 SENATOR CROCI: But there is some
3 recognition that there could be a legal
4 problem if you're citing that you may have to
5 go to court to rectify it.

6 MAYOR DE BLASIO: This emanates from
7 the president's executive order early in the
8 administration.

9 SENATOR CROCI: Sir, the federal law
10 has been in place for decades. It's still
11 there.

12 MAYOR DE BLASIO: Again, forgive me
13 when I say something that's not lawyerly,
14 because I'm not a lawyer, I'm just trying to
15 do the logic pattern.

16 You know, the initial -- the initial
17 difference was put down through the executive
18 order. We said at the time we still believe
19 that everything we've been doing is
20 consistent with federal law and city law.
21 There's been several letters since with the
22 threats you referred to. We continue to
23 maintain our position. We have not seen any
24 funding cut off. The funding is specifically

1 funding for the NYPD. But it has not been
2 cut off to date.

3 CHAIRWOMAN YOUNG: Thank you.

4 SENATOR CROCI: Thank you, sir.

5 CHAIRWOMAN WEINSTEIN: Assemblyman
6 Carroll.

7 ASSEMBLYMAN CARROLL: Thank you, Madam
8 Chair.

9 Good afternoon, Mayor de Blasio.
10 Thank you for being here and answering all of
11 our many, many questions.

12 I would like to go back to the MTA and
13 I would like to ask you to kind of more
14 broadly explain your views on congestion
15 pricing and whether or not you've spoken with
16 the Governor or anyone from the state about a
17 congestion pricing plan, and what things
18 would you need to see in a congestion pricing
19 plan to support it?

20 MAYOR DE BLASIO: I've had numerous
21 conversations with the Governor on this
22 topic, both before this proposal came out and
23 since. I've been consistent about that
24 lockbox point. It's the single greatest

1 concern I have right now.

2 Previously, I would have said that the
3 older proposals we saw related to congestion
4 pricing immediately put particular demands on
5 the people of Brooklyn and Queens, which is a
6 clear majority of New Yorkers -- it's 5
7 million people, almost -- without any
8 guarantees in return of investment in the
9 mass transit needs of the people of Brooklyn
10 and Queens.

11 This new plan is a step forward
12 because by taking the bridges out of the
13 equation, it does a better job of addressing
14 that central concern.

15 We still don't see answers on some of
16 the hardship issues I've raised, which I
17 think are legitimate. You will know from
18 your district, which I have the honor of
19 living in, that there are plenty of people
20 who are not well off who have reasons they
21 have to go into the core of Manhattan, for
22 medical appointments and other matters. We
23 need to think about how we handle that.

24 But the biggest issue right now for me

1 is the guarantee, and a legally binding
2 guarantee, that any money derived from a
3 congestion pricing system would be spent on
4 subways and buses in New York City.

5 I think you understand my concern,
6 that we've seen money in the past move away
7 from its intended purpose. If government is
8 not obligated to keep that money focused on
9 the needs of the MTA and the people of
10 New York City, I fear the money might be used
11 for other purposes.

12 So that's what I would argue. We all
13 need to work on it together, and we're ready
14 to work closely with this Legislature to
15 figure out something that would be fair.
16 That's the most central concern. There's
17 also a host of details. We don't actually
18 have a full proposal or a full piece of
19 legislation.

20 ASSEMBLYMAN CARROLL: Well, I mean I
21 think we can agree that yes, we don't have
22 the exact details, but the broad strokes of
23 some form of congestion zone south of
24 60th Street. And if you cross the East River

1 bridges and don't access either the West Side
2 Highway or the FDR Drive, that you would pay
3 a fee. And then for-hire vehicles would have
4 an additional surcharge in that zone, at
5 least during major business hours Monday
6 through Friday, and possibly on weekends.
7 That that is the general broad strokes of
8 that plan. And do you support those broad
9 strokes?

10 And I think just taking into account
11 that, you know, Comptroller DiNapoli in
12 November of 2017 put out a report that said
13 the 2020-2024 capital plan of the MTA will
14 most likely see a larger shortfall than the
15 2015-2019 capital plan, which was over
16 \$15 billion. So we could see a -- and
17 considering that still that capital plan has
18 a \$7 billion shortfall, we could see upwards
19 of a \$20 billion shortfall. We need a direct
20 revenue stream.

21 And would you support those broad
22 strokes of 60th Street, coming into the
23 central business district, excluding if you
24 get on to the FDR or West Side Highway?

1 MAYOR DE BLASIO: A couple of things,
2 and I will answer your specific question.
3 But I just have an important frame.

4 I still believe the single most
5 important and equitable approach to raising
6 the resources we need for the long-term MTA
7 is the millionaire's tax. I don't --
8 respectfully -- and you're the experts,
9 you're the people that do the ultimate
10 voting. But I don't buy the conventional
11 wisdom of what is viable here in Albany and
12 what's not viable. I'm going by what I think
13 is the best outcome, it's the most
14 progressive form of taxation, it's obviously
15 renewable. I think the Fair Fare is a really
16 important idea in terms of ensuring that
17 lower-income New Yorkers can get around and
18 get access to opportunity. So I still think
19 it's the single best way to address the
20 problem.

21 If you say to me, okay, let's look at
22 congestion pricing models, this model is the
23 best I've seen to date. And I think that's
24 progress. I'm much more comfortable with it

1 than I was with the previous proposals.

2 I have not seen enough detail to be
3 fully comfortable, because the devil really
4 is in the details. The broad strokes, if you
5 have a limited zone and if you do not include
6 the bridges, that certainly makes some sense
7 to me. I think the notion of the for-hire
8 vehicles being treated equally is crucial,
9 taxis and all other forms of for-hire
10 vehicles being equally responsible for
11 producing some of the revenue for the MTA.
12 And setting that at the right dollar figure
13 is crucial.

14 But you will understand that I -- you
15 know, I'm not -- on behalf of 8.5 million
16 people, I'm not going to buy into a plan
17 until it's fully articulated with all of the
18 ramifications and until I see that the money
19 will be devoted -- in a legally binding
20 fashion will be devoted to the subways and
21 buses in New York City.

22 So my answer is: Clearly a step in
23 the right direction. I'm ready to sit at the
24 table with anyone and see if we can work

1 together to get it to be something we can all
2 agree on, but I want to be careful about
3 those details.

4 CHAIRWOMAN WEINSTEIN: Thank you.

5 CHAIRWOMAN YOUNG: Thank you.

6 Our next speaker is Senator Hoylman.

7 SENATOR HOYLMAN: Good morning,
8 Mr. Mayor. I know you've been patiently
9 awaiting my question, but --

10 MAYOR DE BLASIO: You're a pillar of
11 patience.

12 SENATOR HOYLMAN: Yes, yes. I
13 basically have two quick areas, subways and
14 schools.

15 First, thank you for your
16 open-mindedness on congestion pricing. I
17 represent largely the congestion pricing
18 zone, so you could call me the Senator from
19 the congestion pricing zone if you want.

20 But my constituents -- and I don't
21 want you to ignore this part, the hardship
22 that might be placed on them. I'm very
23 supportive of congestion pricing, but we have
24 to understand that there might be some folks

1 collegial process where we all work together
2 fashioning whatever proposals. Again, I
3 state my devotion to the millionaire's tax.
4 There might be entirely different ideas
5 beyond the millionaire's tax and congestion
6 pricing that should be looked at.

7 But the very point you make -- and it
8 gets back to what Assemblymember Carroll was
9 saying, part of why I always say the devil is
10 in the details is you just raised a crucial
11 point right there: What happens to the folks
12 who live along that border? And then does
13 that have a domino effect that we have to
14 address? We don't want to deal with that
15 after the fact, we want to deal with it
16 up-front in a policy.

17 So there has to be close coordination,
18 in my view, between the Legislature and the
19 city in determining whatever policy it is,
20 and a home rule is one of the ways to
21 guarantee that.

22 SENATOR HOYLMAN: And on the schools
23 issue, I really do applaud your leadership --

24 MAYOR DE BLASIO: Wait, I'm going to

1 give you a historical point. Our new state
2 affairs director will weigh in.

3 NYC DIRECTOR BROWN: The 2008 bill on
4 congestion pricing did need a home rule.

5 SENATOR HOYLMAN: Yes. I didn't know
6 if you had changed your --

7 MAYOR DE BLASIO: We think that's a
8 good precedent.

9 SENATOR HOYLMAN: On schools, thank
10 you for your leadership over the last four
11 years. As a public school parent, I
12 appreciate the direction, the lowering of the
13 temperature in the public schools, which
14 previously were fraught with much more
15 political dissension.

16 What is the impact of this shift that
17 you note in your testimony of \$144 million
18 worth of costs currently borne by the state
19 to the city to support charter schools?
20 What's going to be the practical impact on
21 the DOE budget?

22 MAYOR DE BLASIO: I will start and
23 then turn to Melanie.

24 Look, it's not only the immediate,

1 it's the slippery slope. When there's an
2 unfunded mandate that grows, you wonder where
3 it's going. So our budget director can talk
4 to you about the pure dollar impact, which is
5 very substantial. But I would also note our
6 concern here is that this is -- you know, the
7 charter school community now serves about --
8 almost 10 percent of our kids. It's very
9 substantial if costs continue to be shifted.
10 At the same time, I understand why people
11 here are saying let's go farther on fair
12 funding. That's an immediate contradiction,
13 because we'd like to take state resources and
14 put them into fair funding, but we can't if
15 we keep receiving additional unfunded
16 mandates.

17 Could you speak to the numbers?

18 SENATOR HOYLMAN: Before you answer, I
19 wanted to ask you about the selection of the
20 new chancellor, which is so important to
21 obviously parents. The citywide and
22 Community Education Councils have requested
23 some sort of role in at least interviewing
24 the candidates who you're going to be

1 meeting, and maybe providing some input. Is
2 that something you'd commit to in some
3 fashion?

4 MAYOR DE BLASIO: I respect the
5 concern. You know, I used to be a community
6 school board member in the old structure, and
7 I think very highly of the folks who serve on
8 the CECs. We want to work closely with them.
9 I don't think it's appropriate in a personnel
10 decision to sort of crowd-source it, you
11 know. I think you have to handle such an
12 important decision -- this is someone going
13 to govern over a \$25 million budget and be
14 responsible for 1.1 million kids. That has
15 to be done very sensitively, very carefully.

16 We'll always welcome suggestions, but
17 a decision like that has to be done --

18 SENATOR HOYLMAN: I don't think
19 they're looking to vet your decision, I think
20 they're just looking to provide input and
21 give you their assessment.

22 MAYOR DE BLASIO: I would welcome and
23 I always have welcomed -- it's very personal,
24 since I had a similar role myself -- ideas.

1 If there's names that people want to put
2 forward, or specific characteristics, I would
3 always welcome that. And anything that could
4 be done on that.

5 Just on the numbers, hold on one
6 second. Go ahead.

7 BUDGET DIRECTOR HARTZOG: So on the
8 charter school impact, it's \$120 million for
9 tuition, and the balance is for leases. And
10 essentially it equates to what would be an
11 unfunded mandate, meaning we have to maintain
12 the tuition and the lease payments for the
13 schools. And it would be very difficult for
14 us to do that and maintain it without hurting
15 instruction.

16 SENATOR HOYLMAN: Thank you.

17 CHAIRWOMAN WEINSTEIN: Thank you.

18 Assemblyman Weprin.

19 ASSEMBLYMAN WEPRIN: Thank you, Madam
20 Chair.

21 Good afternoon, Mr. Mayor. Thank you
22 for coming up, as you do each and every year,
23 and spending probably more time than you'd
24 like to spend in Albany since you've been in

1 office.

2 As you know, I chair the Corrections
3 Committee in the Assembly and I work very
4 closely with your administration. And I want
5 to commend you on recent accomplishments of
6 reducing the population at Rikers Island to
7 below 9,000 individuals, which you referred
8 to earlier, and also the initiative that
9 you've launched to help keep women out of
10 jail.

11 But I've noticed that there has been
12 some challenges with efforts to reduce
13 violence, specifically slashings and
14 stabbings at Rikers Island. And as you know,
15 I currently have a bill in the Assembly which
16 would allow the use of ionizing body scanners
17 at Rikers, which is supported by the city as
18 well as by a number of advocacy groups,
19 including the Osborne Association and the
20 Fortune Society.

21 Could you comment about, first, why
22 these scanners are needed and also some of
23 the safeguards that the city has committed
24 to, or will commit, in order to prevent the

1 overuse of these scanners?

2 MAYOR DE BLASIO: Thank you,
3 Assemblymember. And thank you for your
4 leadership on this issue.

5 Yes, we need these scanners, there's
6 no two ways about it. We have to drive down
7 any form of violence, any and all forms of
8 violence in our correction system.

9 Let's be blunt. One of the problems
10 is contraband and weapons getting into the
11 facility. Both are related to violence. And
12 we don't have the best modern technology
13 being employed to stop that. We've done a
14 host of other things, and many of them have
15 worked. We have now cameras, internal
16 security cameras throughout the facilities.
17 We have more rigorous screening procedures.
18 We have a lot of investigatory activity. And
19 you know a number of people have been
20 arrested and prosecuted who unfortunately
21 broke the laws and rules.

22 But we don't have modern scanners, and
23 it's hurting our ability to keep people
24 safe -- our correction officers and inmates.

1 So we have to have them.

2 Now, there's been valid concerns
3 raised about health. We have worked with our
4 Department of Health to address those. I
5 believe that the protocols we're talking
6 about now fully address the health concerns.
7 But I would argue that not only have we
8 effectively answered those concerns, but the
9 absence of scanners is causing a clear and
10 present danger and a different kind of health
11 concern that's called violence, and it's
12 unconscionable to let it continue.

13 So I beseech you and your colleagues
14 to please help us this session get this bill
15 passed so we can finally put those scanners
16 in.

17 SENATOR HANNON: Mr. Mayor --
18 Mr. Mayor -- Mr. Mayor, I just want to point
19 out the Senate has passed my bill to do
20 exactly that, because we agree with you.

21 MAYOR DE BLASIO: Great minds think
22 alike, Senator. Thank you. Bipartisan
23 cooperation here. Thank you.

24 ASSEMBLYMAN WEPRIN: We'll look

1 forward to working with you, Mr. Mayor, on
2 getting it done this year.

3 One other topic along the correction
4 area. I visited Rikers Island several times,
5 but I've also had the opportunity to visit
6 some of the alternatives to incarceration and
7 diversion programs, some actually very close
8 to my Assembly district in Queens, as well as
9 others in Manhattan and other boroughs.

10 When I visited each of these places, I
11 noticed that in addition to an atmosphere of
12 hope, there was a large focus on providing
13 community support, addiction and mental
14 health treatment and other services to give
15 individuals what they needed to stay out of
16 jail.

17 As a large proponent of strengthening
18 family and community ties and supporter of
19 ATI and diversionary programs, I'm curious to
20 hear more about some of the city's recent
21 efforts to expand behavioral health services
22 and other supports for people looking to stay
23 out of jail.

24 MAYOR DE BLASIO: Well, thank you for

1 that, Assemblymember.

2 We believe fundamentally that these
3 are smart investments. We know, first of
4 all, tragically, in our correction system
5 about 40 percent of the folks incarcerated
6 have some identified mental health challenge.
7 The big initiative we've undertaken, of
8 course, is the Thrive NYC initiative that my
9 wife, Chirlane, leads. And the goal there
10 going forward is to identify these problems
11 as early as possible, even going as early as
12 pre-K, and address them so those individuals
13 never end up in the criminal justice system
14 to begin with.

15 But since that will take some time, we
16 know there's a lot of mental health
17 challenges, we think that addressing them in
18 the here and now actually will reduce
19 recidivism. It's one of the pieces of our
20 effort to reduce the number of women who end
21 up in our jails and to reduce recidivism
22 among women. We think there are specific
23 mental health supports that would be greatly
24 valuable, and we focused in particular on

1 inmates who have children.

2 But across the board, I think we have
3 missed the opportunity -- you know, whenever
4 government comes in contact with someone and
5 we have a chance to get them the help they
6 need, that should be considered a precious
7 opportunity. Unfortunately, the protocol in
8 the past, whether it was for corrections or
9 police or education, was not to seize that
10 moment.

11 Right now, Corrections made a sea
12 change, NYPD as well, in terms of a lot more
13 training in how to handle mental health
14 situations, and then a lot more supports that
15 are provided that they can connect people to
16 right away. And that's the model we're
17 working on.

18 ASSEMBLYMAN WEPRIN: Well, I
19 appreciate that, and I look forward to
20 working with you on those programs as well.
21 Thank you.

22 CHAIRWOMAN WEINSTEIN: Thank you.

23 CHAIRWOMAN YOUNG: Thank you.

24 Senator Kavanagh.

1 SENATOR KAVANAGH: Thank you, Madam
2 Chair.

3 And thank you, Mr. Mayor, for your
4 testimony. And also Ms. Hartzog and
5 Ms. Brown, congratulations on your relatively
6 new appointments and thank you for being here
7 today.

8 So you've spent a lot of time on the
9 MTA today and I'm not going to -- with my
10 five minutes, I'm not going to repeat a lot
11 of that, just to say that I share your
12 commitment to ensuring that we find a way to
13 balance the needs of the city and the state
14 in terms of finding a full funding solution,
15 and really ultimately the goal is to fully
16 fund the aspects of the capital plan that are
17 necessary to ensure that the system is in a
18 high state of repair and also that we serve
19 many constituencies that are underserved by
20 the system.

21 Similarly, I know there's been quite a
22 bit of dialogue on the BQE design-build
23 question. It runs through my district. And
24 I was happy to be joined by just about all of

1 the Senators in Staten Island and Brooklyn of
2 both parties in calling for design-build to
3 be part of this budget so that we can get it
4 done and join the city in making sure that
5 the contracting documents that have to go out
6 this spring include -- can factor into
7 design-build authorization. And that will
8 be a continuing dialogue here.

9 I want to focus on public housing a
10 little more. You had a dialogue a moment ago
11 with Senator Savino, who for the record I
12 think is worth every penny of the \$500,000
13 capital investment in housing her in her
14 district that she mentioned.

15 But just the -- many of us in Albany,
16 including members of the IDC and members of
17 my conference and certainly members of the
18 Assembly Democratic Conference have been
19 calling for a number of years now for a
20 \$500 million investment by the state each
21 year in NYCHA. And yet we've seen
22 \$100 million that was carefully constructed
23 so it couldn't be used for major capital
24 needs, and another \$200 million that was

1 welcome that was primarily for boilers and
2 elevators last year -- and no new money at
3 all in this year's budget.

4 So I'd like to, if you would, just
5 speak -- you've taken a different path and
6 the city has put a very substantial amount of
7 money into NYCHA. I just want to understand,
8 this is a federal authority, a federally
9 created program. The federal government had
10 primary responsibility for a long time. Can
11 you just talk about why you think the city
12 and the state should be investing city and
13 state capital dollars in NYCHA?

14 MAYOR DE BLASIO: Absolutely. And I'm
15 happy to call you Senator. I don't know if
16 I've had a chance to use the title yet, so
17 congratulations again.

18 SENATOR KAVANAGH: Thank you.

19 MAYOR DE BLASIO: Yeah, this is the
20 single strongest element of affordable
21 housing in New York City. 400,000 people
22 live in public housing. It's the size of
23 many major American cities.

24 And look, the model was created to be

1 federally funded, you're exactly right. But
2 the fact that the federal government walked
3 away from that, and the fact that the state
4 government has had a very limited role, does
5 not negate the fact that this is 400,000
6 human beings who are part of the backbone of
7 New York City.

8 These are working people, these are
9 salt-of-the-earth folks who, you know, many
10 of them are public workers and many of them
11 are people who have been in their
12 neighborhoods their whole lives and are part
13 of keeping neighborhoods strong even in the
14 tough times. So we've got to be committed to
15 the long-term needs of public housing.

16 By the way, many other cities that
17 destroyed their public housing stock, they
18 lived to rue the day, because now they have
19 experienced gentrification and they end up
20 with communities that have no economic
21 balance and there's no place for working
22 people. So we've got to protect it.

23 The immediate option, I agree with
24 your point that the best thing would be an

1 ongoing state commitment, and someday to
2 renew the federal commitment. But in the
3 absence of that, specifically to match the
4 \$200 million capital commitment we've made
5 for new boilers and heating systems, and to
6 finish the previous funding -- as you said,
7 that original \$100 million, we still have not
8 seen some of that money. That's three years
9 ago, if my memory serves. And then the more
10 recent \$200 million we still have not gotten
11 approval on, even though that proposal has
12 been in the hands of the executive branch for
13 now over two months.

14 So right there, getting us the
15 previously allocated funding and matching the
16 \$200 million we're putting into heating would
17 be a very, very helpful step.

18 SENATOR KAVANAGH: Great, thank you.

19 Just on a more parochial issue, 85
20 Bowery, it's a building in my district where
21 29 families and 95 people, including 17
22 children, were vacated by the Buildings
23 Department for safety concerns. Your office
24 and the relevant city agencies, as well as

1 the State HCR, have been involved. I think
2 it's fair to say there was some chaos in the
3 initial vacate process that may have been
4 avoidable with better communication in
5 advance from the city to the tenants. But
6 we've got ongoing concerns, that we need to
7 ensure that the landlord is making the
8 repairs that are necessary to get people back
9 into their homes and that the residents have
10 their rights protected, and their services.

11 Just a two-part question. First,
12 would you commit to us to work once the, you
13 know, sort of this -- beyond this problem,
14 whether we can talk about what the protocol
15 ought to be when you're doing a vacate order,
16 especially in places where there might be
17 language barriers for people understanding
18 what's going on?

19 And secondly, do we have your ongoing
20 commitment that the administration will
21 continue to work with us until all of these
22 people are back in their homes?

23 MAYOR DE BLASIO: Want to start on
24 this?

1 NYC DIRECTOR BROWN: Sure. This
2 definitely is an issue that the agencies
3 involved have been working on daily. There's
4 regular conversations that happen currently
5 between the tenant association and the city.
6 So this is something that we're definitely on
7 top of.

8 The goal is absolutely to return this
9 building to safe and habitable homes for
10 people to live in. And I think yes, we
11 should talk about, you know, after,
12 after people are allowed to get back in their
13 homes, we should talk about tenant harassment
14 and all those different things.

15 MAYOR DE BLASIO: Yeah. And I would
16 say that your point is very well taken,
17 Senator. We need to perfect a model here.
18 Because you're right, this was not handled
19 the way we would ideally want it to, and the
20 left and the right hand weren't coordinated,
21 and it's one we have to do better on. We're
22 going to have these kind of problems because
23 of the actions of some landlords -- not the
24 majority of landlords, but some landlords who

1 don't do the right thing. And we have to be
2 smarter about how we handle the aftermath of
3 that.

4 SENATOR KAVANAGH: And I would just
5 note that the city was very responsive. We
6 had requested that these families be -- they
7 had originally been located in a hotel that
8 was quite distant from their community, and
9 they were all relocated. There is now a
10 hotel available that's very nearby the
11 current building. So we appreciate the work
12 on an ongoing basis.

13 But, you know, sometimes our
14 priorities change as we go forward. So we
15 just want to join you in staying on top of
16 this.

17 CHAIRWOMAN YOUNG: Thank you.

18 MAYOR DE BLASIO: Thank you.

19 CHAIRWOMAN YOUNG: Our next speaker is
20 Senator Rivera.

21 SENATOR RIVERA: Hello, Mr. Mayor. I
22 only have five minutes, so I'll get right to
23 it. A few of the questions have been asked
24 already, but I wanted to talk about a couple

1 of things that we have not spoken about.

2 First, as far as education is
3 concerned, I'm sure that you were, as the
4 rest of us were, horrified to read the story
5 about what happened in M.S. 118 last week.
6 It was related to the teacher who was
7 teaching a class on slavery and thought it
8 necessary to walk over the back of black
9 students.

10 So I wanted you to talk a little bit
11 about maybe that case specifically, but more
12 importantly about the need for culturally
13 competent teachers and some of the training
14 that needs to happen. That's one of the
15 things, so let's go with that first.

16 MAYOR DE BLASIO: Yeah, that was a
17 deeply troubling incident. I just want to
18 say it does not reflect the values of this
19 city nor of what we teach our teachers to do.
20 And we're going to investigate that fully,
21 because we need to know how anything like
22 that could have happened and where that got
23 missed. Because if anybody was suggesting to
24 do such a thing, it should have been vetoed

1 immediately. But we don't have all those
2 facts yet. But a very troubling and
3 unacceptable situation.

4 SENATOR RIVERA: What is your plan as
5 far as the -- I mean obviously this is not
6 something that happens all the time,
7 thankfully. But what is your plan about --
8 as far as training teachers to make sure --
9 or just at least setting up something so that
10 we can assess whether anybody's even thinking
11 about doing craziness like this, so it does
12 not happen?

13 MAYOR DE BLASIO: I do think this is
14 an extreme rarity, and I think that's a good
15 sign that it's an extreme rarity.

16 The training that we now do, because
17 we have greatly expanded professional
18 development time, includes cultural
19 sensitivity and teaching for a multicultural
20 environment and antibias training. That's
21 part of what we do. It's something that we
22 will continue to deepen over time.

23 But, you know, I think one of the
24 things that really is enunciated -- the

1 chancellor talks about this a lot -- is we
2 have to be a positive model as a school
3 system. In a country that's really grappling
4 with these issues right now, we have to be a
5 very positive model as a school system
6 respecting all kids and backgrounds. And in
7 general, I think we're doing that, but we're
8 putting some real emphasis on that in the
9 professional development process.

10 SENATOR RIVERA: I'd like to follow up
11 later on some of the specifics as far as what
12 you're trying to do, but I want to move on to
13 another one related to health.

14 Specifically, Senator Marchione
15 earlier talked about the opioid crisis. And
16 I certainly know that it has been a focus of
17 yours, certainly has been a focus of mine in
18 the time that I've been here. But I wanted
19 to ask about a specific policy in particular,
20 supervised injection facilities. Just last
21 week there was a bill that was introduced by
22 Assemblymember Rosenthal which seeks to
23 establish them in the State of New York. And
24 I'm aware that there is a study by the

1 Department of Health and Mental Hygiene that
2 was looking into the feasibility of this.
3 Can you tell us when that report will be
4 released?

5 MAYOR DE BLASIO: That's still being
6 discussed between the different agencies.
7 The Department of Health is involved, NYPD is
8 involved. That's something we will be
9 addressing soon. And I always say to people
10 when I say "soon" I mean soon, or I wouldn't
11 use that word. I don't have a date certain,
12 but it's something that, you know, is almost
13 to the point where we can talk about it
14 publicly. Very complex matter, as you know.

15 SENATOR RIVERA: Indeed.

16 MAYOR DE BLASIO: Very -- a proposal
17 that obviously is a serious one and an
18 approach utilized in some other places in the
19 world. But we really want to analyze the
20 information we're receiving, both with the
21 Health Department and NYPD, and then come out
22 with some public analysis.

23 SENATOR RIVERA: I look forward to the
24 release of that report. I, along with many

1 of my colleagues, strongly believe that
2 addiction is a public health issue, not a
3 criminal justice one, and I want to make sure
4 that we go down that road and, as we address
5 addiction concerns, that we do so across the
6 board in all communities, not just with
7 doctors' kids, but certainly in every
8 community, particularly those that have been
9 impacted by opioid addiction and overdoses
10 before.

11 Last but not least -- I only have a
12 have a minute -- last week we had Joe Lhota
13 here for about five hours, as you heard
14 earlier. One of the questions that I asked
15 him, I termed it a radical rejiggering, that
16 was me trying to be alliterative. But the
17 core question is the percentage -- I was
18 trying to get something out of him that I did
19 not get out of him, and it had to do with how
20 much -- as far as capital costs are
21 concerned, the way that historically -- more
22 specifically, the percentage that the city
23 covers now and, in the new proposal, what is
24 the percentage that the city would be asked

1 to cover, and he didn't give me one.

2 I figured that you folks have done the
3 numbers based on what you're seeing in the
4 budget proposal. So if you have any of that,
5 if you could share it with us, I'd appreciate
6 it.

7 And thank you for being here,
8 Mr. Mayor.

9 MAYOR DE BLASIO: Just to make sure --
10 thank you. Just to make sure I understand
11 fully what you're saying, if you're referring
12 to the proposal in the Executive Budget --

13 SENATOR RIVERA: That is correct. And
14 the way it would change what has been
15 historically the responsibility of the city
16 as it relates to capital costs for the MTA
17 and what this would do to change it.

18 As far as percentage, if we say a
19 hundred -- right now, say it covers 30 -- I
20 don't know what it is, right -- but 30, 70
21 for the state. This would change it to what?
22 If you have that.

23 MAYOR DE BLASIO: I'm going to start
24 broadly and then pass to Melanie.

1 The -- look, it's a sea change to talk
2 about going from what the law -- and I
3 emphasize, the state law itself, state law --
4 and everything we've seen in practice for
5 65 years makes abundantly clear that the city
6 is not responsible for the capital costs.
7 The capital costs are huge. You know,
8 ultimately -- and given what Mr. Lhota I
9 think has rightfully said about the future of
10 the MTA, you're talking about tens of billion
11 of dollars in shifted expenses, which is an
12 insupportable number. That's before you even
13 talk about the value capture.

14 So one thing I'm going to ask our
15 budget director to do is to give you a sense
16 of it. I mean, if we lost tens of billions
17 of dollars, what that would do to all the
18 other areas in our capital budget.

19 BUDGET DIRECTOR HARTZOG: Well, I mean
20 the value capture alone in terms of property
21 taxes is taking away billions of dollars from
22 us. And so just -- it would essentially wipe
23 out many of our critical projects that we
24 currently have budgeted, as you said before,

1 Mr. Mayor, in infrastructure.

2 And it also affects our operating
3 revenues in terms of our expense budget as
4 well. It's not just capital, it also affects
5 our expenses. Property taxes support our
6 operating budget.

7 MAYOR DE BLASIO: Right. I'd just add
8 very quickly that I think when the value
9 capture idea was put out, I think it sounded
10 an alarm for localities all over. The notion
11 that any action could be taken to reach into
12 their local revenue, into their property tax
13 revenue, is very dangerous for many reasons.
14 That money is the day-to-day expense money
15 for police, fire, sanitation, schools. You
16 take away that money, you're going to see
17 cuts in those areas.

18 On the capital side, what does tens of
19 billions mean? You know, as I've said in all
20 these town hall meetings, and so many of you
21 have been there, we would not be doing new
22 school construction, we would not be doing
23 additional work on roads and bridges, we
24 would be doing repaving, we would not be

1 doing the affordable housing program if we
2 lost that kind of level of money. All of
3 these new initiatives that people have
4 demanded would have to be suspended. There's
5 no way we could pay for them.

6 CHAIRWOMAN YOUNG: Thank you.

7 Mr. Mayor, I want to go back to the
8 MTA funding issue. And as was pointed out by
9 Senator Hannon, the 2015-2019 MTA capital
10 plan totals about \$30 billion. And of this
11 total, \$8.64 billion, or 28.9 percent, will
12 be contributed by the state, and only
13 \$2.492 billion, or 8.3 percent, will be
14 contributed by the city.

15 Now, you today have said several times
16 that the city is not legally responsible for
17 the capital costs for the MTA. I would say
18 to you, Mr. Mayor, that those statements are
19 not correct. Let me refer you to the law.
20 Chapter 200 of the Laws of 1953 originally
21 created the New York City Transit Authority
22 and provided that the operation of the city
23 subway system be provided by the authority
24 pursuant to a master lease.

1 Within the original chapter, the city
2 was explicitly responsible for all capital
3 costs for projects having a period of
4 probable usefulness of five years or more,
5 which would include all major capital
6 construction. That funding obligation and
7 authority to approve remain in place to this
8 very day.

9 Subsequently, legislation was passed
10 to provide that the city Board of Estimate --
11 which is now you, Mr. Mayor -- needs to
12 approve capital costs exceeding \$5 million.
13 This did not diminish the city's
14 responsibility, but ensured that the city
15 would be able to approve projects and costs
16 necessary for the system, since you are
17 responsible.

18 So based on the law, would you explain
19 to us why you feel it's appropriate for the
20 state to commit 3.5 times the city's own
21 capital commitment in order to fund primarily
22 city-centered transit investments?

23 MAYOR DE BLASIO: Madam Chair, deepest
24 respect, absolutely disagree with your legal

1 interpretation. This is something our
2 corporation counsel --

3 CHAIRWOMAN YOUNG: I'm reading from
4 the law, Mr. Mayor.

5 MAYOR DE BLASIO: Excuse me?

6 CHAIRWOMAN YOUNG: I'm reading from
7 the law.

8 MAYOR DE BLASIO: Again, respectfully,
9 you're reading from the law and then adding
10 your interpretation, which we all do.

11 And I would argue to you, my
12 corporation counsel has looked at the same
13 exact law, and we also looked at 65 years of
14 practice, and we come to a very different
15 conclusion.

16 This obviously is an issue that could
17 have come up at any time in the last 65
18 years. It has not. And I think it hasn't
19 for a reason. Because the power to make the
20 decisions devolved to the state. Mr. Lhota
21 was here; Mr. Lhota was named by the
22 Governor. There was no consultation with me
23 in that process. I had no vote in that
24 process. The budget was determined without

1 any involvement of the city. Let's face it,
2 the state has been running the MTA for
3 decades now.

4 And the reality is that the city is
5 responsible for a whole host of areas that we
6 must provide for the people of the city --
7 public safety, education, et cetera. There's
8 no safety net. I think we can honestly say
9 at this point in history, if there was a
10 crisis in the economy or there was a massive
11 cutoff in federal aid, which is a real
12 conceivable possibility, the state would not
13 be in a position to help the city any longer.
14 We are on our own to determine our own fiscal
15 future, which is we're trying to protect the
16 interests of over 8.5 million people and the
17 economy of the whole state by keeping
18 reserves in place.

19 But right now the reality is we do not
20 make the decisions for the MTA and we have
21 not been held liable, legally or otherwise,
22 for the capital costs.

23 That notwithstanding, we have
24 contributed in a variety of ways. And we

1 look forward to cooperating on a long-term
2 solution to the problem. We think there are
3 long-term solutions we could all agree upon.

4 BUDGET DIRECTOR HARTZOG: And I would
5 just add that the state has not funded as
6 much as the city historically. In terms of
7 the MTA's overall capital plan, between 1982
8 and 2014 the state was at 5 percent and the
9 city was at 7 percent, and we're now at
10 8.3 percent.

11 CHAIRWOMAN YOUNG: Thank you for that.
12 And I would say that the state has had to
13 step in over the years, I agree with that,
14 due to failures on the city's part. But at
15 the end of the day, the city legally is
16 responsible for capital costs.

17 And, Mr. Mayor, you have raised the
18 tax levy over and over and over again. You
19 said today that you have a \$5 billion
20 surplus. And I don't understand why the city
21 can't contribute more toward the capital
22 costs. You say yourself how much people
23 depend on an operating subway and bus system,
24 how crucial it is to people's lives. And I

1 would ask that the city reconsider and follow
2 the law and contribute more toward capital
3 costs and operating costs of the subway
4 system.

5 MAYOR DE BLASIO: Senator, I've tried
6 to be very consistent about the fact that we
7 want to work together on a solution. We
8 believe, with the MTA's existing resources,
9 they can address the immediate problem if
10 they would allocate money to the greatest
11 needs. We also believe that the money that
12 was taken out of the MTA budget should be
13 returned to it. It's a substantial amount of
14 money. And we believe that we can work
15 together on a long-term funding source. That
16 would be the best solution for all of us.

17 CHAIRWOMAN YOUNG: Thank you.

18 I just want to switch over to the
19 New York City Housing Authority now. And I
20 thought it might be -- you know, we should
21 look at -- it would be instructive and we
22 should look at a timeline.

23 So just going over it, on December 17,
24 2014, Politico New York reported on an audit

1 released by City Comptroller Scott Stringer
2 which accused NYCHA for potentially missing
3 \$692 million in federal dollars due to
4 widespread mismanagement of the authority.
5 It failed to meet specific guidelines in the
6 application process -- and by that I mean the
7 city -- regarding hot water heaters,
8 upgrading lighting, replacement of outdated
9 heating plants, and so on.

10 On November 17, 2017, the New York
11 Daily News reported that two top NYCHA
12 managers were forced to submit their
13 resignations while a third manager was
14 demoted. The resignations and demotions of
15 managers Brian Clarke, Luis Ponce and Jay
16 Krantz, respectively, were in response to
17 their knowing that lead paint testing was not
18 being conducted in apartments, and they are
19 lying to HUD officials.

20 On November 19, 2017, the New York
21 Daily News reported that the Department of
22 Investigations slammed NYCHA for systematic
23 mismanagement following a probe which
24 determined NYCHA had failed to perform

1 required lead inspections in these
2 departments and lied.

3 DOI commented, "This is the fourth
4 time in less than two years that DOI has done
5 an investigation that has found systemic
6 mismanagement at NYCHA that put tenants at
7 risk."

8 Previous reports by the DOI found that
9 NYCHA was not properly inspecting smoke
10 detectors in apartments, was not performing
11 proper elevator maintenance, and did not have
12 a system in place to prevent violent
13 criminals from living on NYCHA premises.

14 On January 8, the New York Post
15 reported on City Comptroller Scott Stringer's
16 response to the NYCHA mismanagement. And
17 according to Mr. Stringer, NYCHA may have
18 used inadequate criteria to select boilers to
19 replace those in 2016 as part of a five-year
20 capital plan.

21 On January 9, the New York Post
22 reported that \$100 million in capital funding
23 was set aside for NYCHA in 2016 but was not
24 used for boilers.

1 On January 22nd, the New York Daily
2 News reported that NYCHA General Manager
3 Michael Kelly announced his resignation.
4 Kelly was involved in NYCHA's attempts to
5 conceal its lead paint inspection failures,
6 which were done for a year, from both current
7 tenants and the public.

8 For more than a year, both Shola
9 Olatoye and the city were aware that
10 department lead testing was not being
11 conducted and, subsequently, both local law
12 and HUD regulations were being violated.

13 On January 27th of this year, the
14 New York Daily News reported that a Bronx
15 jury reached a \$57 million verdict against
16 NYCHA. Tiesha Jones' daughter registered
17 dangerous levels of lead in her blood after
18 living in a lead-tainted NYCHA apartment.
19 Tiesha's daughter Dakota, four years old in
20 January of 2010, registered a level of
21 45 micrograms per deciliter in her blood.
22 The acceptable level is 5 micrograms.

23 Obviously, lead exposure can greatly
24 affect the neural development of children and

1 cause development delays. The results of
2 Dakota's individual education plan placed her
3 in special education.

4 Comments. Tiesha's comments were: "I
5 was mortified. They, NYCHA, sent me a letter
6 every year stating that there's no lead in
7 the apartment. Here I was thinking I was
8 safe taking care of my children."

9 On January 28th, the New York Daily
10 News reported that the New York City public
11 advocate, Letitia James, had called upon you,
12 Mayor de Blasio, to remove Olatoye as the
13 head of NYCHA because of her lying under
14 oath. Residents have reported that no heat
15 or running hot water has been available this
16 winter. Mayor de Blasio has said that
17 Olatoye will stay as the head of NYCHA
18 because of the good she has done through the
19 improvement of agency finances and quickness
20 of repairs.

21 And in fact, Mr. Mayor, on "Good Day
22 New York" you praised Olatoye, saying: "When
23 you look at the head of an organization that
24 has steadily, consistently improved, a very

1 troubled organization, guess what, she needs
2 to stay for the good of those residents."

3 And finally, on January 31st, the
4 New York Post reported that David Farber,
5 NYCHA's general counsel and executive vice
6 president for legal affairs, was stepping
7 down. The New York City Department of
8 Investigation released information that NYCHA
9 certified to the U.S. Department of Housing
10 and Urban Development that mandated lead
11 paint testing was completed throughout the
12 4200 NYCHA apartments, and NYCHA knew that
13 was inaccurate. And Shola Olatoye, the
14 authority chairwoman, remains at the head of
15 NYCHA.

16 So a very basic but burning question
17 is, Mr. Mayor, why is Shola Olatoye still at
18 NYCHA?

19 MAYOR DE BLASIO: Madam Chair, you
20 listed a number of items, and I want to note
21 that some of them are media accounts, some of
22 them are audits by elected officials. And I
23 respect all elected officials but may not
24 agree with all the conclusions of their

1 audits.

2 There are some real issues. We've
3 been very open about those real issues. But
4 those issues, particularly when it comes to
5 the question of lead, predate this
6 administration and predate this chair at
7 NYCHA. When she found out what had happened,
8 she took the steps to address it. Now there
9 have been full inspections, twice, of all
10 appropriate apartments, and there's been full
11 remediation.

12 So the fact is that is a problem we
13 inherited that's now being addressed. The
14 fact is that the agency was on the verge of
15 bankruptcy, and she created a plan to right
16 the ship and put it on a firm financial
17 footing, that she created a plan with her
18 colleagues to make repairs happen much more
19 quickly, to fix roofs better -- and go down
20 the list -- to improve public safety. In a
21 number of developments, the increase in
22 public safety is striking.

23 I'm not for a moment going to miss the
24 fact that something went wrong on the lead

1 paint issue. I'm not happy about it. It was
2 not handled the way I would have liked. But
3 the solutions have been put in place and
4 we've been open about the mistakes. So I
5 stand by her because she has achieved a lot
6 for 400,000 people and she will continue to.

7 CHAIRWOMAN YOUNG: But Mr. Mayor, you
8 say that these are problems that predated
9 recent history. But the Department of
10 Investigation determined that NYCHA failed to
11 conduct the mandatory safety inspections for
12 lead paint over four years, beginning in
13 2013. And also that there were reports filed
14 to the federal government that falsified the
15 information and said that NYCHA did indeed do
16 those inspections.

17 MAYOR DE BLASIO: Madam Chair, this
18 has been covered time and time again, and
19 we've been working with the United States
20 Attorney on this issue for almost two years.
21 So I'm happy to say what I've said publicly
22 many times. In 2013 there was a different
23 mayor and there was a different chair of
24 NYCHA.

1 CHAIRWOMAN YOUNG: But this is over
2 four years, the past four years.

3 MAYOR DE BLASIO: It's a true
4 statement. But I want to affirm the point.
5 It is a true statement that the local law was
6 violated in the previous administration, that
7 the inspections were stopped and the
8 remediation effort was stopped. That should
9 never have happened.

10 It's also a true statement that when
11 we came into office and the chair came in and
12 her staff came in, they did not recognize
13 that that discontinuity had occurred. When
14 it became apparent to them, they alerted the
15 federal government immediately. All this has
16 been documented. The federal regional
17 administrator has said, on record, it's true
18 that as soon as NYCHA understood the
19 situation, they reported it to the federal
20 government.

21 CHAIRWOMAN YOUNG: But don't the
22 people who live in NYCHA apartments deserve
23 better? I mean, we've had these issues that
24 have stacked up over the years. They're in

1 unsafe conditions, conditions that are
2 detrimental to their health and well-being,
3 conditions where there's crime in these
4 housing units or housing facilities. Don't
5 they deserve better than that?

6 And I think that someone ultimately
7 needs to be held accountable for that. So I
8 don't understand why, you know, you seem to
9 be laying the blame on everybody else. But
10 there's an old saying the buck stops here.
11 And why isn't Shola Olatoye being dismissed?

12 MAYOR DE BLASIO: You know, Madam
13 Chair, respectfully, you've evinced some
14 information about NYCHA, but I every day
15 serve the people of my city. I've spent a
16 lot of time in public housing. I know a lot
17 of people who live in public housing. I've
18 seen the improvements that she's been able to
19 achieve. And I respectfully think it is very
20 reductionist to add certain facts up and say
21 someone needs to be dismissed even though
22 they're getting a lot of good work done for
23 the people they serve.

24 And there have been problems. When

1 you run a facility -- excuse me, a set of
2 facilities as big as NYCHA with decades of
3 disinvestment, of course there's problems.
4 But, you know, you mentioned public safety.
5 Respectfully, Madam Chair, if you looked at
6 the facts, you would see how that public
7 safety has greatly improved in NYCHA in the
8 last four years. And the chair has worked
9 closely, Chair Olatoye has worked closely
10 with the NYPD to achieve that change, and I
11 believe the NYPD are the leading experts in
12 public safety in this nation. They will
13 affirm to you how much progress has been made
14 in public safety in NYCHA.

15 CHAIRWOMAN YOUNG: Respectfully,
16 Mr. Mayor, I think you're defending the
17 indefensible.

18 But at this point I'll turn it over to
19 Senator Krueger.

20 SENATOR KRUEGER: Thank you.

21 Thank you, Mr. Mayor.

22 So 8.5 million people. I live there.
23 Most people actually think the city is doing
24 quite well -- our economy, our public safety,

1 our schools and, despite continuing problems
2 with housing and public housing, even seeing
3 improvements there.

4 So sometimes I think you come up here
5 and you might get a little bit of a different
6 perception from people who don't spend their
7 lives in the City of New York.

8 But I want to ask you specifically
9 about the changes from the federal tax reform
10 and the proposals the Governor's task force
11 made about possible ways to address the new
12 dilemma for people living in high property
13 tax, high local and state tax areas. And
14 certainly many sections of New York City fall
15 into that category.

16 So do you have a position on some of
17 the Governor's task force proposals; i.e., a
18 payroll tax math deduction model or the
19 charitable contribution for school and local
20 income tax proposal?

21 MAYOR DE BLASIO: I'll start and pass
22 to the budget director.

23 You know, one, we're committed to work
24 with the Governor and work with the

1 Legislature because we think the removal of
2 deductibility was a huge mistake. Two, we do
3 think there's a way -- although we're the
4 first to say it, we have not seen -- working
5 together, we haven't found the perfect
6 formula. I would argue the more positive
7 option is around payroll tax, but let me have
8 the budget director jump in there.

9 BUDGET DIRECTOR HARTZOG: Thank you.

10 We are very supportive of the payroll
11 tax and of the state's effort to look at an
12 unincorporated business tax. As you know, we
13 have one in New York City. We have been in
14 communication with the state on how to best
15 to do that and working with them. Lots of
16 complications on how that would actually get
17 implemented and done at the state level. But
18 overall, as the mayor said, we'd be very much
19 supportive and also are very supportive of
20 trying to figure out how we decouple the
21 impact of the personal income tax so that
22 it's not a hit as much on single filers
23 especially.

24 SENATOR KRUEGER: And this was also

1 raised before, and I think you partly
2 answered the question. So the Governor's
3 value capture, I drove across from the
4 Lincoln Tunnel -- I was in New Jersey for a
5 shiva, drove across the Lincoln Tunnel, and
6 my GPS said you're now a mile from Second
7 Avenue. And I was basically on 10th Avenue.

8 So in his proposal that any time there
9 would be an MTA major project of \$100 million
10 or more -- which is pretty much all MTA
11 projects, as far as I can tell -- that they
12 could capture 75 percent in the increased
13 property tax assessments for anything within
14 a mile. And I'm thinking from Manhattan --

15 BUDGET DIRECTOR HARTZOG: Which would
16 essentially cover most of Manhattan, yes.

17 SENATOR KRUEGER: It's pretty much all
18 of Manhattan. And then it's forever, and
19 it's not even dedicated to the area where the
20 impacts are being felt.

21 BUDGET DIRECTOR HARTZOG: That's
22 correct.

23 SENATOR KRUEGER: So you said billions
24 before. Have you actually tried to do like

1 just one example projection if they -- I
2 don't know, I'm hoping very much in my
3 lifetime we continue the Second Avenue subway
4 beyond 63rd heading south. So even if you're
5 just looking at one or two additional
6 extensions of just one subway line, it seems
7 that we could be sucking property tax money
8 away from the city at an incredible rate.

9 BUDGET DIRECTOR HARTZOG: Yes. I
10 mean, I don't think we even need to do an
11 estimate on that. If you just looked at
12 Second Avenue subway, I could tell you it
13 would probably rate at least over \$3 billion
14 of impact to us.

15 SENATOR KRUEGER: And has anybody ever
16 done a final tally on the 7 Line model?
17 Because that was an actual agreement to pay
18 for the 7 Line with increased property value
19 assessment. Although that was an area where
20 we were going to be significantly expanding a
21 new part of the city that didn't have a lot
22 going for it, and even then we ended up
23 cutting out one or two of the stops.

24 So has somebody in the city done an

1 evaluation of who paid what for that project?

2 BUDGET DIRECTOR HARTZOG: Yes. And I
3 would have to get back to you on the
4 particulars of that. But I think that's a
5 clear example where we did have an agreement
6 with the state on value capture without
7 having it written into actual law that it
8 would happen in this way.

9 MAYOR DE BLASIO: And Senator, just to
10 say that I think that's the crucial point,
11 that these are specific agreements that
12 should be reached case by case. To legislate
13 them is dangerous.

14 And by the way, again, I would say
15 localities all over the state would share my
16 concern that if there's a Pandora's box
17 opened here where the state can reach into
18 local revenue or local property tax
19 decisions, it's very dangerous.

20 But if you say here's an option,
21 here's an opportunity, can we find a way to
22 do it together, yeah. But not on the basis
23 of state law, it should be on the basis of
24 two jurisdictions trying to find mutual

1 benefit.

2 SENATOR KRUEGER: And I raised when
3 Joe Lhota was here that in fact I was part of
4 the discussions that were completed in the
5 East Midtown rezoning, where there were
6 commitments for money for MTA needs, but a
7 worked-out agreement between the city, the
8 MTA, the community and the recognition that
9 there were going to be wins and losses in
10 rezoning East Midtown, and that many
11 different things needed to be addressed.

12 And I would think that would be true
13 in any significant structural changes.

14 MAYOR DE BLASIO: That's right. And
15 that was a very thorny, complicated reality,
16 but we got there. We all found a way to get
17 to an agreement, and it's the right model.

18 SENATOR KRUEGER: Thank you.

19 CHAIRWOMAN WEINSTEIN: So pretty close
20 to on time, the time promised, for government
21 work. Mr. Mayor, thank you for all the time
22 you've spent with us and responding to all
23 our questions.

24 MAYOR DE BLASIO: Thank you very much

1 to everyone. Take care.

2 CHAIRWOMAN YOUNG: Thank you.

3 CHAIRWOMAN WEINSTEIN: Next we'll be
4 hearing from New York City Comptroller Scott
5 Stringer.

6 (Discussion off the record.)

7 CHAIRWOMAN WEINSTEIN: So, Scott, I
8 think people have quietly left the room. I
9 don't think it had anything to do with you.

10 But whenever you're ready, feel free.

11 NYC COMPTROLLER STRINGER: Thank you.

12 For those of you who stayed, you are
13 in for some riveting testimony, so consider
14 yourselves lucky.

15 But I do want to start off and thank
16 you, Chair Young and Chair Weinstein, and
17 members of the committee and the Legislature,
18 for having me here today.

19 And Helene, on a personal level I want
20 to congratulate you for being a history-maker
21 and now being chair of Ways and Means. So
22 congratulations.

23 You know, in these challenging times
24 it's great to be with friends and colleagues

1 who share the belief that our New York values
2 will withstand the headwinds coming from
3 Washington. I'm joined here today by my
4 deputy comptroller for budget, Preston
5 Niblack, and our director of
6 intergovernmental relations, Dylan Hewitt.

7 I know from my 13 years of service in
8 Albany that this marks only the beginning of
9 the budgeting process. And I welcome the
10 opportunity to speak about the implications
11 of the Governor's proposed Executive Budget
12 for New York City.

13 I look forward to working with all of
14 you to reach a budget that will advance
15 New York as a leader in the fight for
16 fairness and opportunity for all and not just
17 some.

18 First off, we've seen some important
19 progress from the Governor and the Senate and
20 Assembly working together. At the end of
21 last year, our state minimum wage rose to
22 \$13 per hour in New York City, on its way to
23 \$15 at the end of 2018. This will ultimately
24 benefit 1.5 million city residents, boosting

1 wages by more than \$10 billion.

2 New York's paid family leave program
3 took effect on January 1st of this year.
4 This milestone finally eliminates the
5 impossible choice between keeping a job and
6 caring for a loved one.

7 Thanks to your achievements last year,
8 New York will no longer treat our adolescents
9 as adults in the criminal justice system and
10 subject them to the deplorable conditions in
11 our city jails.

12 Through the Excelsior Scholarship
13 program, more high school students have a
14 real shot at a college degree. And with the
15 expansion of the state's childcare tax
16 credit, more middle-income parents can afford
17 to work and live in New York.

18 These are all important
19 accomplishments for New Yorkers, and you
20 should be very, very proud. Going forward,
21 we must build on these accomplishments to
22 ensure we foster an economy in which every
23 New Yorker has a fair chance to get ahead.
24 But we cannot do so without recognizing that

1 this president and this Congress are
2 determined to punish states like ours, by
3 crippling our economic competitiveness and
4 our legacy of progressive leadership.

5 They have, as Governor Cuomo put it,
6 launched a missile at the heart of the
7 state's economy with the federal tax bill. I
8 want to reiterate the difficulties of meeting
9 this challenge, and that cannot be
10 underestimated. But it's our responsibility
11 to homeowners and taxpayers across the state
12 to ensure state and local governments can
13 fulfill their functions despite this assault
14 by the federal government. Whether you live
15 in a high-tax state or a low-tax state, it's
16 our schools, our enforcement agencies, and
17 our social services that impact lives. And
18 while we wait for the federal tax bill to be
19 repealed, we must focus on protecting our
20 own.

21 You can do that by supporting
22 decoupling of state income taxes from the
23 federal cap on deductions. Further, the
24 state should allow New Yorkers to continue

1 itemizing their state tax deductions, even if
2 they take the standard deduction on their
3 federal return. And if Congress does not fix
4 the carried-interest loophole that allows
5 investment fund managers to pay lower taxes
6 than teachers, well, New York should take the
7 lead.

8 Now, the federal tax bill was only the
9 first clap of thunder in this brewing storm.
10 When President Trump releases his budget, the
11 safety net we've worked for decades to
12 strengthen in New York will again be at risk.
13 The city's Housing Authority, which is home
14 to more than 400,000 New Yorkers, or
15 5 percent of the city's population, relies on
16 the federal government for 60 percent of its
17 budget. Our public hospital system requires
18 hundreds of millions of dollars in federal
19 aid to continue to serve the uninsured, and
20 that population is likely to grow even larger
21 with the end of the individual mandate.

22 The budget that Trump proposed last
23 year would have blown an \$850 million hole in
24 our city budget -- at least. Now, we're

1 fortunate that these cuts have not yet
2 materialized, but the threat has by no means
3 disappeared. As Republicans in Congress
4 pledge to cut healthcare and vital services
5 for our most vulnerable, I ask that you
6 ensure the state budget protects our core
7 values.

8 Now, first, our students are our
9 future, and I cannot emphasize enough the
10 need to continue investment in our public
11 schools and pre-K programs. I hope you will
12 keep us moving in the right direction towards
13 ensuring the quality public education that is
14 guaranteed by the Campaign for Fiscal Equity
15 decision. I would also ask you to reject
16 cost shifts for summer school special
17 education programs and child welfare services
18 in New York city.

19 And it's time to build upon your
20 accomplishments with Raise the Age and
21 continue to fund the Close to Home
22 initiative. Close to Home has allowed us to
23 move juveniles from upstate facilities to the
24 city, surrounded by their families and

1 communities, where they should be. The
2 Executive Budget completely eliminates
3 funding for this important program, and I
4 urge you to restore the \$30 million for Close
5 to Home.

6 We also must make it easier for all
7 New Yorkers to participate in our democratic
8 process by curbing barriers to voting. In
9 2014, only 25 percent of registered New York
10 City voters cast a ballot. This is a
11 national embarrassment. The Executive Budget
12 calls for adopting early voting in New York,
13 which many other states have already done,
14 but does not allocate the resources to fund
15 it. I urge you to truly invest in the future
16 of our democratic process by adopting early
17 voting and fully funding it.

18 It's also high time we end the chaos
19 and soaring costs of up to four elections a
20 year, and combine our state and federal
21 primaries.

22 Today I also ask that you support the
23 Governor's bold agenda to overhaul the
24 state's bail laws. I also urge you to join

1 me in calling for a ban on commercial bail
2 bonds. My office issued an analysis that
3 found that these private, for-profit actors
4 are extracting as much as \$27 million every
5 year from those who can least afford it.
6 They are unnecessary for the function of our
7 justice system, and they come at a great
8 expense, both to the accused and the public.
9 We found the cost of detaining people who
10 could not afford bail reached \$100 million
11 last year.

12 The Governor has also proposed
13 examining the benefits and challenges of
14 legalizing recreational marijuana. Our
15 neighboring states are moving forward on
16 legalization, and so should New York. Not
17 only is marijuana an untapped revenue source
18 for the city and the state, but the
19 prosecution of marijuana-related crimes has
20 had a disproportionate impact on black and
21 Hispanic communities for too long. But I
22 will say, if you're gonna take it, tax it.

23 And let's also end the lifetime
24 disenfranchisement of those with criminal

1 convictions. Once you've served your time,
2 it's time to bring you back into society --
3 and that includes the ability to exercise
4 your most fundamental civil right.

5 Let's also end the marginalization of
6 our fellow New Yorkers who live in public
7 housing. My office's audits and
8 investigations have uncovered innumerable
9 problems in NYCHA. The decades of federal
10 disinvestment in public housing are at the
11 root of the problems. The city must step up
12 financially to help preserve this critical
13 affordable housing from irreversible decline.

14 But we cannot do it alone, and the
15 state must partner with us to protect the
16 over 400,000 residents of NYCHA from leaking
17 roofs, broken elevators, and freezing
18 temperatures.

19 And finally, I want to address the
20 MTA. Our mass transit system is the power
21 grid of New York City's economy, and we
22 cannot afford to continue the dysfunction.
23 My office has documented the economic and
24 human costs of the deterioration of our

1 subway system. As delays on the subways
2 reached new highs this summer, we found that
3 nearly three-quarters of riders were late to
4 work because of transit problems. Thirteen
5 percent of riders lost wages. We found that
6 the total cost of subway delays adds up to as
7 much as \$389 million per year in lost wages
8 and productivity for our city economy. Our
9 economic success is literally built on top of
10 the subways. Let's not throw that investment
11 away.

12 So let me be clear to all of you. I
13 support the emergency action plan put forward
14 by Chairman Lhota, and I believe the city
15 should step up and pay its fair share of the
16 cost. You see, we're not looking for a
17 handout. It's time to look to the future,
18 not the past, and it's time to work together.
19 As we move forward, we must employ complete
20 transparency in how emergency funds are used.
21 And then we must come up with new, permanent
22 funding solutions for the MTA. No option
23 should be off the table.

24 Now, first, I've suggested a new

1 \$3.5 billion Transportation Bond Act as part
2 of the solution. The last bond act, in 2005,
3 allowed the MTA to buy 1,500 new train cars
4 and a new fleet of buses. That meant fewer
5 breakdowns and fewer delays for riders.

6 Another proposed funding stream is the
7 congestion pricing proposal from the Fix NYC
8 task force. Their plan represents a new
9 approach. See, in the past, leaders have
10 looked at congestion pricing with a
11 Manhattan-centric perspective, and only
12 considered the cost of congestion to the
13 central business district. This proposal
14 acknowledges that we must first address the
15 transit needs of residents of all five
16 boroughs. I agree.

17 My office recently published a
18 comprehensive review of our city's bus
19 system. We found that our buses are the
20 slowest in the nation, and many routes are
21 misaligned with the city's changing
22 commuting patterns. We cannot ask residents
23 of Canarsie or Parkchester or Queens Village
24 to face a choice between driving and paying

1 the congestion charge every day, or taking up
2 to three buses that will take them 2 hours to
3 get to work. We need a system that works for
4 everyone.

5 We also can and should explore value
6 capture as a mechanism to build and maintain
7 a world-class transportation infrastructure.
8 But I cannot support enabling the MTA to
9 unilaterally take city property taxes through
10 so-called special transportation districts.
11 And I feel confident that none of us who have
12 served at the local level can support giving
13 someone else control over our taxes, and I
14 urge you to reject this proposal.

15 And let's dispense with the idea that
16 somehow New Yorkers are not paying our fair
17 share of the costs of the subways and buses.
18 Through fares and tolls, taxes and subsidies,
19 New York City residents contribute well over
20 \$10 billion annually to the MTA. Now, we're
21 willing to pay our fair share, as long as we
22 get a fair return. I think that's fair and a
23 win for all.

24 So in conclusion, I feel confident in

1 this Legislature's ability to advance a fair
2 and balanced budget despite the challenges
3 and uncertainties we face from Washington.
4 New York must continue to push forward
5 without leaving any of our people behind.
6 Let us instead work together -- cities,
7 counties, and state, legislative and
8 executive branches -- to protect our values
9 and maintain New York as a fair and equitable
10 home to all of our people.

11 Thank you again for the opportunity to
12 testify, and I'm happy to answer any
13 questions you may have.

14 CHAIRWOMAN WEINSTEIN: Thank you.

15 And for our first questions,
16 Assemblyman Weprin.

17 ASSEMBLYMAN WEPRIN: Thank you, Madam
18 Chair.

19 Great to see you, Comptroller
20 Stringer. And great to see my friend Preston
21 Niblack, who as you know -- he must be a
22 great asset for you, because I know of his
23 good work when I was chair of the Finance
24 Committee in the City Council and he was our

1 director. And, you know, he -- very
2 innovative and has some great ideas, and I'm
3 glad he's been part of your team for a while
4 now, I guess.

5 NYC COMPTROLLER STRINGER: Did he tell
6 you to say this?

7 (Laughter.)

8 ASSEMBLYMAN WEPRIN: Actually, we
9 hadn't discussed it.

10 As chair of the Corrections Committee,
11 I appreciate your comments on bail. No one
12 should have to -- no decisions should be made
13 on whether somebody can afford bail or not
14 afford bail. And obviously we all know, you
15 know, of the Kalief Browder case, the poster
16 child for bail reform. And I'm hoping that
17 we'll be able to do it this year.

18 As far as the MTA is concerned, I know
19 it's no surprise to you that I'm against
20 congestion pricing. I like the if you can
21 take, tax it. I think if we can develop a
22 tax revenue stream from legalizing marijuana
23 or certainly with medical marijuana,
24 expanding it, I think that could be another

1 potential revenue stream for the MTA.

2 What's lacking -- and I know you've
3 been a strong advocate in the past, and I
4 don't want to hear the answer, you know, that
5 I've heard from other people that it can't be
6 done. I still think the fairest revenue
7 stream would be a nonresident income tax, or
8 what we commonly used to refer to as the
9 commuter tax. And I know you've been up here
10 many times over the past four years and
11 urging the adoption of the commuter tax.

12 I would not want to abandon that. And
13 I think as we discuss the MTA crisis, I think
14 we should rediscuss putting back a
15 nonresident income tax with a dedicated
16 stream to the MTA, because that of course is
17 a progressive tax, it's a fairer tax. People
18 that, you know, live outside of New York City
19 but work in New York City take public
20 transportation on a daily basis, benefit from
21 police, fire, sanitation, et cetera.

22 So I would hope you wouldn't forget
23 about rearguing for that commuter tax or
24 nonresident income tax.

1 NYC COMPTROLLER STRINGER: Well, I --
2 you know, when I served with many of you in
3 the Assembly, I voted against eliminating the
4 income tax. I do think it's fairer that
5 people beyond New York City who work in
6 New York City who use our services leave
7 something in the pot on the way out of the
8 city so we can better fund police and
9 sanitation services.

10 I think that's one option. I think
11 we've lost \$5 billion or so since we
12 eliminated the commuter tax. Actually, since
13 that time, I think back to 1999, the city's
14 never really been whole. I think there were
15 different points where we've really suffered
16 financially because we don't have that
17 revenue stream.

18 But again, all of these ideas, whether
19 it's a bond act for the MTA, looking at
20 different congestion resources, this is the
21 time now when we really have to structurally
22 change the way we finance the subway system,
23 the way we think long-term about creating new
24 funding streams.

1 One idea that we've put forth has
2 been, as it relates to public housing, a
3 \$400 million pot of money that should come
4 from Battery Park City so that we can fund
5 some of the capital needs at NYCHA. The
6 Governor and I support that; we need the
7 mayor to commit to help us on the Battery
8 Park City Authority Board.

9 But this is what legislating, I think,
10 is all about. Let's put our ideas on the
11 table and let's come back and make things
12 better.

13 ASSEMBLYMAN WEPRIN: Okay, thank you.

14 SENATOR KRUEGER: Thank you.

15 Senator Brian Kavanagh.

16 SENATOR KAVANAGH: Thank you.

17 NYC COMPTROLLER STRINGER: Senator.

18 SENATOR KAVANAGH: How are you,
19 Mr. Comptroller. Thank you for being here.
20 It's always good to see you on that side of
21 the table. I know you spent a lot of years
22 on this side.

23 And my decision to stay has nothing at
24 all to do with the recommendations of my

1 staffer, Mr. Stern, who I think you're also
2 familiar with.

3 NYC COMPTROLLER STRINGER: Is he here?

4 SENATOR KAVANAGH: He's not here, but
5 he's monitoring the proceedings online.

6 NYC COMPTROLLER STRINGER: I look
7 forward to seeing him on Twitter.

8 SENATOR KAVANAGH: Yes.

9 So I just wanted to follow up on --
10 you know, we had a -- I think you were in the
11 room for much of the mayor's testimony and
12 the ongoing dialogue about public housing
13 funding. And we concluded that segment of
14 the hearing with some questions from one of
15 my colleagues on the other side of the aisle
16 about whether NYCHA is managed in a manner
17 that is -- you know, should entitle it to the
18 kind of support that a lot of us think the
19 state ought to be investing.

20 And you and your office -- I've heard
21 it said, actually, that your office has done
22 more audits of NYCHA than any of your
23 predecessors. So as someone who has spent a
24 lot of time trying to understand the

1 management issues at NYCHA and trying to hold
2 that agency accountable, I think your
3 perspective is particularly valuable, and
4 particularly your perspective that
5 notwithstanding those concerns, we ought to
6 be investing additional funding. In your
7 testimony you say that the state ought to be
8 a partner in that.

9 Can you just talk us a little bit
10 through that? You know, the ongoing
11 management concerns and your conviction that
12 nonetheless we should be putting real capital
13 behind NYCHA.

14 NYC COMPTROLLER STRINGER: I'm happy
15 to talk about NYCHA because NYCHA does, as I
16 mentioned, represent 5 percent of our
17 population.

18 You know, going back to 1938 when
19 LaGuardia created public housing, it was not
20 about housing for poor people, it wasn't the
21 poor people housing. NYCHA really
22 represented a ticket to the middle-class.
23 Even back then, an apartment that rented for
24 \$100 a month was really the beginning of

1 getting your family lifted to the middle
2 class.

3 Growing up in Washington Heights back
4 in the day, there was no difference between
5 playing in Dyckman Houses or around the
6 corner where we lived. NYCHA became part of
7 our community. And when you think about the
8 open space and the way NYCHA was constructed,
9 it really got us away from the crunch of
10 tenements and into a new form of housing.

11 We know the story. The federal
12 government mistakenly divested from NYCHA,
13 the state has not paid its fair share, and
14 the city for the most part has failed the
15 NYCHA residents because of poor management.
16 This has gone on for way too long.

17 The reason I've conducted more audits
18 of NYCHA than all the comptrollers combined
19 in modern history is because I want to focus
20 on preserving and protecting the residents of
21 NYCHA.

22 So I think the issue is poor
23 management, less managerial vision. I think
24 that the antiquated way we look at how to

1 manage the services, the repairs, the
2 roofing, the broken windows at NYCHA is all
3 part of poor management, structural
4 mismanagement. And the question for me is
5 less about who to blame, what individual --
6 but rather, we need to almost take NYCHA
7 apart in order to rebuild it. So I'm less
8 concerned about playing the "should Shola
9 stay or should Shola go" blame game. The
10 federal investigation will bear out those
11 issues related to some of that.

12 The real question is, what do we do to
13 change the management structure to provide
14 the services we need? I mentioned the
15 Battery Park City Authority funding. We have
16 to create new revenue streams, so let's look
17 at that Battery Park City funding. There's
18 three of us who sit on that board right now:
19 The mayor, the comptroller, and the governor.
20 If we all three vote for earmarking
21 specifically some money to NYCHA --
22 \$400 million, \$40 million over 10 years -- we
23 will fundamentally begin saying to the state
24 legislature and everyone who will listen, we

1 are creating a revenue stream. That hasn't
2 happened in such a long time.

3 Second, we need to professionalize
4 this agency and think more boldly about how
5 we rebuild the agency so we can better
6 service the tenants. NYCHA's got to publicly
7 tell us about their plan, their long-term
8 plan, not keep it a secret, and then we all
9 have to dig in.

10 So there's a lot that we have to do
11 with NYCHA. It's a real challenge because if
12 we fail, many of these tenants are going to
13 end up in our homeless shelters. And as you
14 know, 62,000 people, or 61,000 plus 24,000
15 children, are now in shelter. And we are
16 finding that many of those come from NYCHA.

17 SENATOR KAVANAGH: So I appreciate
18 your approach. And I would just note that a
19 lot of my tenant leaders in my district join
20 you in not focusing on the personalities,
21 that many of them maintain support for the
22 existing leadership, but obviously while
23 we're facing a lot of these frustrating
24 concerns.

1 NYC COMPTROLLER STRINGER: But -- and
2 by the way, we as elected officials can't
3 just complain, right? We have to come up
4 with specific ideas so that we can come to
5 the table and solve these problems. And
6 that's why I haven't been out there on that
7 whole issue, because I'm like, you know,
8 tenants are more concerned about getting the
9 boilers in place, fixing the problems,
10 instead of -- you know, once you're in the
11 blame game, then that kind of absolves you
12 from offering specifics. And I want to see
13 us with a real agenda now.

14 SENATOR KAVANAGH: I look forward to
15 working with you on that.

16 And also just note that I may have
17 some thoughts on the Battery Park City
18 question in my new capacity.

19 But I thank you for all your work on
20 keeping the system accountable and in
21 supporting the resources we need.

22 NYC COMPTROLLER STRINGER: Thank you.

23 CHAIRWOMAN WEINSTEIN: Thank you.

24 Assemblyman Carroll.

1 ASSEMBLYMAN CARROLL: Thank you, Madam
2 Chairwoman.

3 Good afternoon, Comptroller Stringer.
4 It's good to see you here in Albany.

5 First I wanted to commend you and your
6 office on two things that you have done
7 recently. The first is to commit to
8 divesting in fossil fuels in our city pension
9 funds over the next five years. I think that
10 is so important to our environment. And it
11 leads to my first question, which is has your
12 office done any studies on pollution due to
13 congestion in New York City and how that
14 affects city residents, especially under the
15 guise of the new congestion pricing plans
16 that have come out that could possibly reduce
17 emissions from vehicles by as much as
18 20 percent in the central business district?

19 NYC COMPTROLLER STRINGER: You know,
20 we haven't specifically done that audit, but
21 we're certainly thinking about it. And let
22 me tell you, part of the announcement I made
23 with Mayor de Blasio on beginning the process
24 of divestment has been through the lens of

1 being a fiduciary.

2 You know, I just came back from days
3 at the U.N. as we talked and wrestled with
4 climate change, with asset managers and
5 people nationally and globally, about making
6 sure that the investments we have with these
7 companies, we don't -- we're concerned
8 because a lot of those investments in those
9 companies, we're worried that we're going to
10 see stranded assets, it's going to cost the
11 pension fund. The Paris Accord plays a
12 significant role despite the fact that Trump
13 actually spurred what's happening on the
14 planet.

15 So we are beginning a process, but
16 it's a process through the lens of making
17 sure that first and foremost we protect the
18 retirement security of our teachers,
19 firefighters, city workers.

20 There's an op-ed in the Daily News by
21 the Manhattan Institute that just totally
22 basically mixes up their false analysis of
23 where we are with our pension fund, and I'm
24 here to tell you that the pension fund is

1 strong, it's managed well. I commend the
2 trustees, who constantly think about our
3 asset allocation. The results speak for
4 themselves. We're actually hitting our
5 actuarial targets over the long run. And I'm
6 very proud of the Bureau of Asset Management
7 and the work that we're doing.

8 We've reformed the pension fund since
9 I've been in office in a way that we haven't
10 seen in a very long time. But we also have
11 to look at how we think about not just the
12 survival of our planet, but also the survival
13 of our pension fund.

14 ASSEMBLYMAN CARROLL: And then to
15 follow up on that, I just want to commend you
16 for coming out for what I think is just a
17 pragmatic, prudent statement, which is to
18 have the city fund its portion of Chairman
19 Lhota's Subway Action Plan. I think it is so
20 important, as you just said, that we fund
21 this action plan now while we're figuring out
22 amongst ourselves how we're going to find
23 long-term revenue streams so that the MTA can
24 be funded into the future.

1 game. Part of what we saw back in the '70s
2 and '80s was just how precarious the system
3 was back then. And then the people before us
4 understood that you have to continue to fund
5 it because the stakes have never been higher.

6 And I want to thank you for thinking
7 out of the box on these issues. You and I
8 have talked about this. We have got to come
9 up with a plan. The city has to help. We
10 have to put politics aside, because this is
11 the one area that we will catch ourselves in
12 a very dangerous situation, especially if the
13 economy slows down. Let's fund the Lhota
14 plan and then look long-term as to how we
15 create a financial package to fully fund the
16 system.

17 ASSEMBLYMAN CARROLL: Thanks so much.

18 CHAIRWOMAN WEINSTEIN: Thank you.

19 SENATOR KRUEGER: Thank you.

20 Senator Diane Savino.

21 SENATOR SAVINO: Thank you, Senator
22 Krueger.

23 Good afternoon, Comptroller.

24 I also want to say thank you for your

1 willingness to support the idea that the city
2 should have some skin in the game on the
3 Subway Action Plan. I agree with you, and I
4 also think that the mayor is somewhat wrong
5 on this issue.

6 I want to turn your attention to two
7 things. One, I also am happy to see that you
8 support adult-use marijuana. That's the
9 appropriate term now. We don't call it
10 recreational anymore, we're trying to rebrand
11 it.

12 It might be helpful, though, because
13 the Governor has indicated that he's going to
14 create some sort of a commission or a task
15 force. I think it's going to be through the
16 Department of Health. We'll hear more about
17 it next week. What I don't think that
18 they're going to do is they'll really look at
19 the issue and see how adult use marijuana has
20 been implemented in other states. So perhaps
21 your office, since you have an interest in
22 it, might want to take a look at it.

23 What we've seen in California is if
24 you allow localities to impose their own tax

1 on top of the state tax, the price goes
2 through the roof and it kind of defeats the
3 purpose of a legal regulated market. So if
4 you could take a look at that and maybe offer
5 some opinion, that might be helpful in the
6 broader discussion.

7 But I want to take you back to NYCHA,
8 because as you've stated publicly, your
9 office has investigated or audited NYCHA more
10 than any other comptroller I think in the
11 city's history, and that's a good thing.

12 So did they share with you, during the
13 course of these audits, the problems that we
14 were facing with lead paint inspections, or
15 was that not brought to your office's
16 attention when you were doing these audits?

17 NYC COMPTROLLER STRINGER: Because of
18 the DOI and federal investigation, I don't
19 want to address those specific issues.
20 Because, you know, when you have the feds and
21 DOI in a situation, we are very cautious, if
22 that's the right word, in terms of not
23 getting in the middle of something that could
24 potentially be criminal or likewise.

1 So I just want to be respectful to
2 that ongoing investigation. You know, I'm
3 not here to make headlines when something
4 like that is going on. And that's what I
5 said, let's see what the outcome of the
6 federal investigation is before we get ahead
7 of ourselves.

8 So I can tell you that the reason
9 we've now done nine audits of NYCHA is
10 because we need to document and go in and
11 look at these issues. So some of the audits
12 we've been able to do, we looked at the
13 backlogged repairs, 55,000 unanswered tickets
14 and why that was happening. We went in and
15 looked at the inventory of NYCHA. We found
16 that basically people were walking in, taking
17 anything they want from the storage bins.
18 Some guy named X, we haven't identified him,
19 would sign "Mr. X" and take out all the, you
20 know, faucets or the refrigerators or
21 whatever they were taking out of NYCHA.

22 And the audits go on and on. And what
23 has really struck me is that we as a city
24 have got to go in and figure out a management

1 system based on those audits. And I think
2 NYCHA has been very slow to just come clean
3 and say yes, we're a mess, we're a mess
4 because we're not funded. That's true. But
5 we also are managing NYCHA the same way we've
6 managed it for the last 30, 40 years -- and
7 it's not working. And it has to change.

8 SENATOR SAVINO: Thank you for that.

9 I think you may not be -- I don't know
10 how closely you guys track state legislation.
11 But June 19th of 2017 the Senate passed
12 unanimously a bill that was sponsored by
13 Senator Klein that would institute a monitor,
14 an independent monitor for NYCHA, to address
15 some of these very things that get uncovered
16 in audits that your office does, that in fact
17 there is just tremendous mismanagement.

18 Another piece of legislation that he's
19 been pursuing is to develop a repair
20 certificate program -- I don't know if you're
21 familiar with that --

22 NYC COMPTROLLER STRINGER: I am
23 familiar.

24 SENATOR SAVINO: Yes. So do you have

1 an opinion on that legislation or the way it
2 would work? And for those who don't know, it
3 would essentially grant credits to developers
4 who are seeking up-zoning, because the city's
5 up-zoning large sections. And Staten Island,
6 as you know, the North Shore is up for
7 up-zoning. And in exchange for the
8 preferential up-zoning, they would have to
9 commit to do major repairs in some of our
10 NYCHA developments to kind of fix the
11 backlog.

12 NYC COMPTROLLER STRINGER: So I
13 understand the Senator's frustration and the
14 need or the want to say, hey, look, we need
15 somebody from the outside pushing. But I
16 think really, at the end of the day, the
17 administration, the city, or -- and I don't
18 mean this to focus on anyone personally,
19 because I think the mayor is right to say
20 that, look, this has been a problem for
21 multiple administrations.

22 This is something the city must
23 tackle. And I can only say to you that we're
24 going to continue not to be the monitor, but

1 we will continue to work with the legislature
2 and community leaders to make sure that we
3 continue to go into NYCHA to lay out what the
4 problems are and work closely with you.

5 Also, this year Dylan Hewitt is going
6 to be spending more time working with the
7 Legislature, Senators and Assemblymembers, so
8 that as part of our role we can give you the
9 knowledge on a regular basis about some of
10 the work we're doing so you can take a look
11 at what you think you need to look at. And
12 we'll be happy to work with you.

13 SENATOR SAVINO: Thank you.

14 And I'm out of time, but I just want
15 to make a point. I see up in the audience
16 Mark Halperin with the elevator operators.
17 It might be helpful if the comptroller's
18 office took a look at the number of elevator
19 accidents and the danger in installing and
20 maintaining as we pursue legislation to
21 create a license for elevator mechanics and
22 people movers in the State of New York.

23 NYC COMPTROLLER STRINGER: Well, we
24 have worked on those audits and those issues.

1 And again, we'd be happy to work with them
2 and with you on these issues.

3 SENATOR SAVINO: Thank you.

4 SENATOR KRUEGER: Thank you.

5 Senator Brian Benjamin.

6 SENATOR BENJAMIN: Mr. Comptroller.

7 NYC COMPTROLLER STRINGER: Good to see
8 you up here.

9 SENATOR BENJAMIN: How are you, sir?

10 NYC COMPTROLLER STRINGER: Good, sir.

11 SENATOR BENJAMIN: Thanks for coming.

12 First I want to say that I want to
13 commend you and your staff, you've been an
14 activist comptroller in the good sense. I
15 guess I want to start off by saying that.

16 NYC COMPTROLLER STRINGER: Thank you.

17 SENATOR BENJAMIN: Let me ask you a
18 couple of questions.

19 Number one, as was mentioned earlier,
20 you've led the efforts to divest New York
21 City from the fossil fuel industry, but
22 you've also led the city to divest -- the
23 comptroller's office to divest from private
24 prisons, is that correct?

1 NYC COMPTROLLER STRINGER: Yes.

2 SENATOR BENJAMIN: And one of the
3 questions I have for you on that is one of
4 the things that I've looked to do on this
5 level, I've introduced a bill to require that
6 the state pension fund divest from private
7 prisons as well.

8 One of the feedbacks that I've
9 received is that there's a sense that maybe
10 trying to sort of initiate that is meddling,
11 it's almost sort of trying to tell the
12 comptroller to do this or do that.

13 What was your rationale for divesting
14 from private prisons with the New York City
15 pension fund, and what would be your
16 recommendation to other pension funds as it
17 relates to that decision?

18 NYC COMPTROLLER STRINGER: Well, I
19 know you care passionately about this issue,
20 and for good reason.

21 You know, when I was a state
22 legislator, I was always struck that people
23 would want to get prisons located in their
24 district not as a way of reducing crime, but

1 because in the '90s prisons were built
2 upstate as a way of creating economic
3 activity. So you would build a prison in
4 18 months and literally you would create a
5 whole economy around a prison.

6 There were others, there were those of
7 us who said don't build a prison, build
8 schools and daycare programs and after-school
9 programs, because we don't want our children
10 from downstate shipped upstate as a way of
11 continuing this prison population surge
12 upstate as an economic development tool.

13 We now know that building prisons
14 upstate was a financial disaster upstate and
15 made no sense. But it hasn't stopped. Now
16 we actually have people who invest in private
17 prisons, and these are the new ICE detention
18 facilities. These are the new -- these are
19 the new detention centers that actually are
20 turning a profit for investors, and I think
21 that is abhorrent.

22 And when we set about divesting, we
23 first and foremost looked at what the
24 implication would be for our pension fund.

1 And a lot of people said to me, why don't you
2 just get out of the private prisons today?
3 And I had to close my ears to that and begin
4 a process of careful analysis that we could
5 get out of private prisons from the pension
6 fund, but do it with the highest fiduciary
7 standards so no harm would come to the people
8 whose money we protect, which is our
9 retirees. It took us two years, and we were
10 able to pull out \$48 million.

11 So anytime you have a divestment, you
12 must do it in a careful way. And sometimes
13 the data may tell you you can't.

14 There's another philosophy, another
15 tactic that we employ, with the shares we own
16 on behalf of our retirees, is we also engage
17 with companies. So for example, our
18 boardroom accountability project, where we
19 have now worked with pension funds around the
20 country, we are now looking at corporate
21 boards that are all male, all pale -- hate to
22 say it, somewhat stale -- and we want more
23 diversity, more people of color, more women
24 on those corporate boards.

1 Our engagement has been a national
2 success story because we are now using the
3 power of our shares to go to those companies
4 and say your value will be enhanced if you
5 create more diversity at the corporate board
6 level. And we are having national success.

7 And so you have to be nimble in your
8 strategies. And the one thing I would
9 caution with your bill is that you need to
10 allow the State Comptroller the ability to
11 look at these issues through the lens of
12 being a fiduciary. So the last thing, you
13 know, I need -- and sometimes this happens
14 with our City Council -- is you don't want
15 10 bills telling the State Comptroller what
16 to do. I really just want to say that, even
17 though I understand the urgency that you
18 bring to this, because you've been such a
19 great leader. You need to make sure that
20 there's the separation of letting the sole
21 trustee of the pension fund, Tom DiNapoli, do
22 his work on behalf of the retirees of the
23 state.

24 SENATOR BENJAMIN: Great. I just want

1 to follow up on that, because I thought I did
2 do this by asking -- giving him a year. But
3 it sounds like a year -- do you think there
4 should be timetables set in legislation on
5 these kind of things? Or it should be if you
6 ask for divestment, you should sort of assume
7 that the comptroller, state comptroller -- in
8 your case, city comptroller -- that time
9 constraint would be complicating?

10 I guess that's my question, are time
11 constraints a good idea or a bad idea, in
12 your opinion?

13 NYC COMPTROLLER STRINGER: You know, I
14 think that's a smart question. The way I've
15 approached it -- look, you know, not a week
16 goes by that Liz Krueger hasn't tweeted me on
17 fossil fuel divestment. Right? But I don't
18 tweet back at her. Or somebody will have a
19 rally and say, I want you to divest from
20 fossil fuel because politically, you know,
21 they want to get out in front of it.

22 I literally don't look at those
23 tweets. Or I guess I did with Liz Krueger's,
24 since I'm mentioning it today.

1 (Laughter.)

2 NYC COMPTROLLER STRINGER: But we have
3 a fiduciary standard that we have to meet.
4 And sometimes, look, it's hard. Because
5 whatever your personal opinion is, as
6 comptroller, you know, you run a -- for us,
7 the fourth largest public pension fund in
8 America, 14th largest in the world. The
9 things that you do have big ramifications on
10 the global economy.

11 And so I just wanted to say to you,
12 the work that we're going to do together, I
13 would just ask you to remember our fiduciary
14 standard and just appreciate how we have to
15 comport ourselves. Because at the end of the
16 day, my first responsibility is to that
17 teacher, that city worker. These pensions
18 are not a lot for retirement security. I'm
19 proud to tell you that over the last four or
20 five years, we've hit our actuarial target of
21 7 percent. The money, the way we've
22 stabilized the pension fund, the way we've
23 done the back-office work is always about
24 pension reform. The trustees have now

1 created one investment meeting. This is all
2 the work that we do. It's not going to get
3 you a headline. No one's ever going to
4 report it. But it's the -- it's our sworn
5 responsibility to look at it this way.

6 SENATOR BENJAMIN: Okay. If you could
7 share those standards, thank you.

8 SENATOR KRUEGER: Thank you.

9 And the Assembly's being quiet this
10 afternoon, so I'm the last questioner.

11 Thank you very much, Mr. Comptroller,
12 for coming to Albany.

13 And yes, I carry the adult-use
14 legalized marijuana bill as well as the
15 fossil fuel divestment bill. So just for the
16 record, we're not so big on the toking,
17 because actually the burning of it in your
18 lungs is still the problem. So other forms
19 of legal adult-use recreational marijuana.
20 And yes, tax them.

21 Do you have a projection on how much
22 the state budget proposal would lose the City
23 of New York? Because all tied into the
24 discussion of should the city deliver on the

1 MTA money, should the city do this, it seems
2 to me you have to answer the other half of
3 the equation: What are we cutting from the
4 City of New York's budget in the state
5 budget?

6 And for some reason, no one asked the
7 mayor, so I'm asking whether you know the
8 amount.

9 NYC COMPTROLLER STRINGER: So what I
10 would say is, you know, a budget document is
11 a set of priorities. So you could argue that
12 every time you fund X, you can't fund Y. And
13 so that is for your deliberations. And
14 certainly the mayor and the City Council will
15 come up with their own set of priorities.

16 What my role is, simply, is to say
17 what happens if we don't fund the MTA? And I
18 think I've made the case that this is very
19 critical.

20 I do think, given the money in the
21 city's budget, the potential surplus, I think
22 this is a wise investment to immediately work
23 to create that state-city match.

24 But going forward, I think that we

1 have an overall issue, which is once we get
2 the emergency out of the way, or the
3 emergency funding, Senator, we have a whole
4 lot of discussion about what's the best way
5 to sustain our transportation system. And I
6 think through a combination of some of the
7 congestion pricing ideas, the bond act that I
8 think would go a long way to get us the money
9 we need if we passed a bond act sooner rather
10 than later, we can have that infrastructure
11 money. And that is what I think we should
12 work on.

13 I will work with you to get you the
14 data you need in terms of the city costs.
15 But I would also argue that our investment
16 would end up coming back to us in the form of
17 people getting to work on time. One of the
18 reports I did shows that given the mess
19 today, we're losing \$380 million a year
20 because of lost wages, because of transit
21 delays. So if we invested \$400 million in
22 the first year, we're probably going to see a
23 rate of return on that pretty soon and pretty
24 quickly.

1 SENATOR KRUEGER: And I wasn't trying
2 to get a gotcha out of you, because I don't
3 disagree on the need to prioritize MTA
4 issues. But I do think it's important for
5 everyone to be aware that if the Governor's
6 budget proposal is going to cut 600 million
7 to 750 million out of revenue to the city
8 that it's been receiving, that that has to be
9 factored in when you say should we put
10 another 400 million into the MTA. You need
11 to look at, you know, the totality of it.

12 Have you had a chance to look at the
13 various tax reform proposals that the
14 Governor's tax reform task force, or whatever
15 they call themselves, proposed as a way to
16 address the changes in federal tax law and
17 the impact that would have on New Yorkers who
18 pay disproportionately high property,
19 personal and state taxes? Do you have an
20 opinion on any of those proposals?

21 NYC COMPTROLLER STRINGER: So in the
22 near term, I do believe that we should
23 decouple from federal provisions that would
24 have an immediate impact on New York's tax

1 burdens.

2 And I do think that the Governor's
3 proposals require further study, but it's
4 certainly a study that we have to begin.
5 Because I do think, you know, what he is
6 proposing is complex. It could, you know,
7 produce another set of winners and losers in
8 the scheme of the budget. He's talking about
9 legal challenges that are possible.

10 I don't have yet a specific analysis.
11 You know, what we usually do is once the
12 mayor proposes his budget, once we come to
13 Albany, in the next couple of weeks we'll
14 offer our own analysis of the New York City
15 budget and also some of the outstanding
16 issues in Albany. So if you give me a
17 chance, we're going to be doing that in the
18 next couple of weeks.

19 SENATOR KRUEGER: Great. I think that
20 would be very helpful to at least understand
21 the impacts specifically on the
22 residents of --

23 NYC COMPTROLLER STRINGER: And by the
24 way, you know, I come here recognizing that

1 this city, our city, gives billion more to
2 the state and the federal government than we
3 get back. And we should recognize that. And
4 I come here to say, you know, this city
5 contributes so much to the state economy, be
6 very careful what you do to us because at the
7 end of the day it causes more harm beyond the
8 city. And I would caution -- that's why I've
9 always come here and said, How dare you take
10 away our revenue-sharing. And the hundreds
11 of millions of dollars we lost over the
12 couple of years, that means we generate less
13 tax revenue because you've now cut out our
14 ability to multiply the money that we get to
15 the city.

16 SENATOR KRUEGER: Thank you very much.
17 Assembly.

18 CHAIRWOMAN WEINSTEIN: Thank you for
19 being here today. And look forward to
20 continued conversations on so many of these
21 issues with you.

22 NYC COMPTROLLER STRINGER: And best of
23 luck to you, Madam Chair.

24 CHAIRWOMAN WEINSTEIN: Thank you.

1 NYC COMPTROLLER STRINGER: And thank
2 you, colleagues.

3 CHAIRWOMAN WEINSTEIN: Next we'll be
4 hearing from Kathy Sheehan, the mayor of the
5 City of Albany.

6 ASSEMBLYMAN OAKS: Just as we're
7 preparing, we've been joined by Assemblyman
8 Chris Friend.

9 MAYOR SHEEHAN: Good afternoon.

10 SENATOR KRUEGER: Good afternoon.

11 MAYOR SHEEHAN: Are you ready for me
12 to begin? Great.

13 I want to thank Chairpersons Young and
14 Weinstein for inviting me to speak with you
15 about the City of Albany today. I also want
16 to thank the Senate Finance Committee and the
17 Assembly Ways and Means Committee and the
18 other members of the Senate and Assembly who
19 are present, along with members of our
20 Capital City delegation, our Assemblymembers
21 Pat Fahey and John McDonald as well as
22 Senator Neil Breslin, who work closely with
23 the City of Albany with respect to various
24 issues and initiatives, but in particular our

1 financial challenges.

2 I want to thank you again for
3 supporting the \$12.5 million in Capital City
4 funding that was in the Governor's budget
5 last year. This funding -- provided as new,
6 unrestricted aid, and not as a spinup --
7 allowed for the City of Albany to avoid
8 borrowing against our future. This year the
9 City of Albany seeks a permanent
10 \$12.5 million in funding for the
11 Capital City.

12 I would love to come to this body and
13 talk about infrastructure and economic
14 development and many other issues that impact
15 our city, talking about opportunities to
16 create further partnerships with New York
17 State. However, because the inequity in
18 unrestricted aid continues to exist, I am
19 forced to return here every year to request
20 equitable state funding, something that every
21 other municipality in the State of New York
22 is guaranteed from the moment the Governor's
23 budget is released.

24 We are seeking to ensure that the

1 Capital City can provide services that we
2 know are essential for the tens of thousands
3 of people who come here to work every day,
4 many of them in this building and in this
5 plaza.

6 The cost of maintaining roads and
7 sidewalks and of providing police, fire, and
8 emergency services to accommodate and protect
9 these workers and visitors falls to our
10 residents. Providing this level of service
11 while being denied our fair share in state
12 aid is not fair, and it is not sustainable.

13 No other city in New York State is
14 forced to endure this situation every year.
15 Our residents, our police officers, our
16 firefighters and all of our hardworking
17 employees deserve better than to deal with
18 this process year after year from their state
19 government. We simply cannot ask our
20 residents, businesses, and taxpayers to carry
21 a larger burden simply because they chose to
22 make the Capital City home.

23 Every year around this time I am asked
24 by homeowners and business owners alike

1 whether they will have to sell their house or
2 close their business because they are worried
3 that we will not receive the \$12.5 million in
4 Capital City funding that we use to balance
5 our budget every year.

6 If the City of Albany state funding is
7 cut by \$12.5 million and we are forced to
8 place that burden on taxpayers, every
9 property owner would receive a 22 percent
10 property tax increase -- or we would have to
11 make cuts to public safety that would result
12 in fire engines being taken out of service
13 and the ending of our community policing.

14 New York State employs thousands of
15 workers in the City of Albany. Many, many,
16 many of those workers commute to the city
17 from our surrounding affluent suburbs. We
18 also host tens of thousands of visitors who
19 come here to conduct business with and lobby
20 state government.

21 As you will see in Slide 5 of the
22 handout I provided, our largest employers
23 other than the state and municipal government
24 and the school district are Albany Medical

1 Center, St. Peter's Hospital, Albany Stratton
2 VA Medical Center, Albany Memorial Hospital,
3 SUNY University at Albany and the Center for
4 Disability Services. These organizations
5 enjoy tax exemptions that the City of Albany
6 is bound to recognize and is barred by the
7 federal and state government from removing.

8 On Slide 6, I have provided a map that
9 shows just how widespread the amount of
10 tax-exempt property in the city is, and
11 identified for you the large parcels of land
12 across the city that are owned by New York
13 State and its various agency and authorities.
14 As you can tell, the wide variety of colors
15 on this map show a large portion of
16 tax-exempt properties, and the burden on our
17 taxpayers is astounding.

18 As noted on Slide 7, Albany has the
19 most tax-exempt property out of any upstate
20 city with at least 50,000 residents --
21 64 percent of the property in the city is
22 tax-exempt; 58 percent of that the tax-exempt
23 property is owned by the State of New York.
24 And while it is often pointed out to me that

1 we receive a payment from New York State
2 under Section 19A of the Public Lands Law,
3 this payment is just 0.36 percent of the
4 value of the state's property.

5 And I also want to point out that
6 every municipality in New York State is
7 entitled to payments under Section 19A of the
8 Public Lands Law for property taken off the
9 tax rolls by the state.

10 As a city of dozens of unique
11 neighborhoods, our homeowners and residents
12 in those neighborhoods bear a
13 disproportionate burden of our tax levy. As
14 noted on Slide 8, the City of Albany
15 residents, who own approximately 24 percent
16 of the value of the property in the city, pay
17 60 percent of the tax levy. And even more
18 challenging for economic development,
19 businesses that own just 12 percent of the
20 value of property in our city bear the other
21 40 percent of our tax levy. This crushing
22 tax burden is our number-one challenge to
23 economic development.

24 Your state capital truly is treated

1 like no other large city in New York State.
2 As you will see on Slide 9, we have the
3 lowest amount of AIM per capita received of
4 any of the other upstate cities with a
5 population of at least 50,000 residents. Our
6 AIM is \$128.84 per capita, compared with 617
7 for Buffalo, 494 for Syracuse, and 419 for
8 Rochester.

9 This inequity is also patently obvious
10 when you look at our city and the school tax
11 levy in actual dollars compared to Utica,
12 Rochester, Syracuse, and Buffalo on Slide 9.
13 The City of Albany's total city and school
14 tax levy is the second largest, and just
15 \$2 million from being the largest -- again,
16 in actual dollars. I'm not talking about
17 per capita. And it's higher than Utica,
18 Rochester, and Syracuse, all cities that
19 receive between two and almost four times as
20 much AIM per capita as the City of Albany.

21 This inequity is even further evident
22 when reviewing AIM as a percentage of our
23 total tax levy. As you can see on Slide 11,
24 Albany's AIM as a percentage of our total tax

1 levy is just 7.31 percent, almost four times
2 less than Utica, seven times less than
3 Rochester, 10 times less than Syracuse, and
4 more than 16 times less than Buffalo.

5 On Slide 12 we have provided a chart
6 that shows the tax levy per capita versus AIM
7 per capita in Albany, Utica, Rochester,
8 Syracuse, and Buffalo. By showing that our
9 residents pay more than three times the
10 property taxes per capita but receive four
11 times less AIM than Buffalo -- or even almost
12 twice as much in property taxes per capita
13 but receive half the AIM of Utica -- I
14 believe there is no clearer picture of the
15 unfair position the City of Albany
16 taxpayers are put in year after year.

17 This information demonstrates to you
18 that our residents, our businesses, and our
19 taxpayers are bearing a significantly
20 disproportionate burden with respect to
21 property taxes, because of the large amount
22 of tax-exempt property in our Capital City
23 and because of the inequity in AIM.

24 And I'm not suggesting that these

1 municipalities do not need the AIM they
2 receive. I provide this information because
3 I think it is critically important to
4 understand what grave impact this inequity is
5 having on the City of Albany. The reality
6 for our city is that people living in some of
7 the poorest census tracts in the region are
8 bearing the burden for the state's refusal to
9 provide AIM at even half the level that it
10 provides to other cities.

11 I want to stress that our ask is to
12 get us to half. We are not asking for AIM at
13 the same level as even the City of Utica. As
14 you will see in New York State Comptroller
15 DiNapoli's fiscal stress score chart, which
16 we provide on Slide 13, Albany is still only
17 one of two cities in the state that is under
18 significant fiscal distress. Comptroller
19 DiNapoli, being here in Albany, understands
20 the challenges and how we got to where we
21 are.

22 Prior to my administration, the City
23 of Albany depleted our rainy day fund. The
24 fund, Comptroller DiNapoli recommends, should

1 be equal to approximately 10 percent of our
2 municipality's annual budget. For the City
3 of Albany, that means our rainy day fund
4 should be 17.6 million. However, at the end
5 of 2016, it was less than a third of the
6 recommended size. We should have been in a
7 position to grow our fund but not cut our
8 budget to reduce the State of New York's
9 well-deserved aid to our city.

10 As you can see on the chart provided
11 on Slide 14, the City of Albany's fund
12 balance at the end of 2016 was smaller as a
13 percentage of expenditures compared to the
14 same cities that receive more AIM per capita:
15 Syracuse, Rochester, Buffalo, and Utica.
16 Again, I understand and appreciate the
17 difficult task every city faces in balancing
18 their budgets year after year. However, I
19 think it's important to note that the City of
20 Albany is facing a state funding cut and
21 being directed to increase our rainy fund at
22 the same time, the only city in New York
23 State facing that predicament.

24 And so what does this all mean? This

1 inequity not only impacts our competitiveness
2 across New York State, it impacts our
3 competitiveness right here in the Capital
4 Region. I shared this example with you last
5 year, but I believe it bears repeating. As
6 noted on Slide 15, several places in Albany
7 that we see our legislators enjoying dinner
8 are Cafe Capriccio and Jack's Oyster House.
9 Please continue to do so.

10 However, many members also go to
11 establishments like Blu Stone Bistro and The
12 Cheesecake Factory, located in the Town of
13 Colonie, just across the line from Albany.
14 The tax bill on Wolf Road is 60 percent lower
15 than the tax bill paid here in the City of
16 Albany -- 60 percent. An inequity exists
17 where you can locate just across the city
18 line and significantly reduce your tax
19 burden.

20 When I came to this body four years
21 ago, I promised that with an additional
22 \$12.5 million I would drive efficiency and
23 cost savings for our city budget. I told you
24 at the time that I did not believe that we

1 were doing all that we could to be good
2 stewards of taxpayer dollars. I told you
3 that we needed to invest in technology. I
4 told you that we could do better, and I
5 promised to do better, and I delivered on
6 that promise. From my first budget in 2015
7 to my most recent budget in 2018, we have
8 absorbed multi-million-dollar interest
9 arbitration awards, we have settled every
10 union contract, we have managed higher
11 healthcare costs, and the growth over those
12 four years was just .02 percent. I'll repeat
13 that: .02 percent.

14 If we had followed New York State and
15 capped growth by 2 percent annually since
16 2015, our budget would be almost \$11 million
17 more than it is today.

18 Not only have we held the line on
19 growth since I became mayor -- as you see on
20 Slide 16, we have cut millions of dollars
21 from our city budget over the past two years.
22 My 2018 budget included a \$600,000 decrease
23 over the previous year, marking two
24 consecutive years where I have cut the budget

1 from the previous year for the first time in
2 more than 60 years. I am not aware of any
3 other municipality of our size in the state
4 that has done the same.

5 This is important to note, because
6 over the past two years we have cut to the
7 bone. And any additional cuts will have
8 adverse effects on the level of service
9 residents, businesses, and visitors have come
10 to expect. Cuts should not reduce the
11 liability of New York State to its Capital
12 City. Cuts should benefit the taxpayers who
13 already bear an unfair and inequitable burden
14 compared to other large cities.

15 It is also important to touch on an
16 additional development since we met last
17 year. As noted on Slide 18, in May of last
18 year we received a report of the PFM Group's
19 review of the City of Albany's finances. In
20 2016 and 2017, we worked with PFM Group and
21 the New York State Budget Office to develop a
22 three-year plan for the city. During this
23 review, the need for significant revenue was
24 acknowledged and validated. Again, the

1 budget you passed last year acknowledged this
2 reality by including \$12.5 million for the
3 City of Albany.

4 We have taken several of PFM Group's
5 recommendations and implemented them in our
6 2018 budget. These initiatives include
7 reorganizing nearly every department,
8 including the Department of Administrative
9 Services; greater centralization; and
10 improved internal administrative functions.
11 We have centralized payroll, we have
12 eliminated duplicative processes, and we have
13 continued to work with the county to find
14 opportunities for us to cut further expenses.

15 We expect to see further benefits in
16 2018 from our fleet vehicle maintenance plan.
17 We are continuing on a plan to purchase our
18 own streetlights, which would reduce our
19 operating expenses, and we are working with
20 Albany County to include a countywide 911
21 dispatch, purchasing, payroll, and records
22 management system.

23 But these savings will need to absorb
24 increases in health insurance and personnel

1 costs and to continue to contain our city
2 budget. The premise that these savings
3 should be used to reduce the state's
4 equitable payment of unrestricted aid is a
5 standard that no other city in the state is
6 held to. Aid is not being cut for other
7 cities as they find opportunities to save
8 money and find other revenue opportunities
9 within those municipalities, and Albany
10 should not be asked to do that.

11 Four years ago I could understand
12 skepticism about whether the City of Albany
13 was part of the problem. At this point it is
14 inconceivable to me that it is still a
15 question, based on what we have been able to
16 achieve over these last four years.

17 Again, I thank you for the support
18 you've provided to this Capital City funding
19 in the past. I urge you to make this
20 \$12.5 million in Capital City funding
21 permanent, and not force the taxpayers of the
22 City of Albany to bear the burden of a state
23 aid cut to our Capital City.

24 Thank you.

1 CHAIRWOMAN WEINSTEIN: Thank you.

2 We've been joined by Assemblywoman Pat
3 Fahy and Assemblyman John McDonald.

4 And to our Local Government chair,
5 Assemblyman Magnarelli. Questions? Yes.

6 ASSEMBLYMAN MAGNARELLI: Welcome
7 again, Mayor.

8 MAYOR SHEEHAN: Thank you.

9 ASSEMBLYMAN MAGNARELLI: It's always
10 good to see you, and I love to hear your
11 passion, I really do.

12 I do have questions -- I really don't
13 want to get into it too much. I think you've
14 kind of spelled out your position pretty well
15 this morning, or this afternoon. But in the
16 back of my mind -- and I think it's for some
17 questions that I should talk to you about
18 personally in the sense of exactly if we're
19 comparing apples with apples with some of the
20 other cities across the state.

21 I don't think there's any question in
22 my mind that our cities across New York
23 State, whether it be Albany, Rochester,
24 Buffalo, Syracuse, are all in need of

1 additional funding. But I do want to get
2 into a couple of other things that deal with
3 the Local Governments Committee and what
4 we've been doing over the past year,
5 particularly what you mentioned at the end of
6 your remarks on shared services.

7 There was a provision in the budget
8 last year that called for a meeting to take
9 place among all municipalities within the
10 county. Did that take place in Albany? And
11 what was the outcome of it?

12 MAYOR SHEEHAN: Yes, it did, and we
13 submitted a report that was supposed to be --
14 that was handled at the county level. That
15 was the way that the legislation was drafted.
16 So it was the county's responsibility to
17 collect all of that information and provide a
18 report identifying opportunities to the
19 state.

20 ASSEMBLYMAN MAGNARELLI: Did you find
21 that meeting or deliberations -- did you find
22 that helpful, not helpful? How did it go?

23 MAYOR SHEEHAN: Well, in Albany County
24 we meet on a quarterly basis, even prior to

1 the legislation, to talk about opportunities
2 for cost savings and sharing. And I know
3 that some of the Hill Towns have worked with
4 the county to handle DPW issues. And the
5 county has taken over plowing in certain of
6 the towns. We certainly work very closely
7 with the county and piggyback on purchasing
8 opportunities.

9 And the big project that we have
10 undertaken with the Albany County sheriff is
11 a consolidated dispatch 911, where the
12 technology now provides a platform that would
13 make it feasible for us to create one
14 dispatch center for the county. And that is
15 the project that we are working on.

16 At this point in time, we've been
17 successful in getting some of the
18 intermunicipal grant funding to help fund the
19 work that's being done to we hope make that
20 happen. We want to really be able, in 2019,
21 to be operational with that dispatch.

22 ASSEMBLYMAN MAGNARELLI: So -- but
23 outside of that, do you feel that the process
24 was a good one? Did you feel that it's

1 something that we should do on an annual
2 basis? The Governor is looking for it again
3 in this year's budget.

4 MAYOR SHEEHAN: I think that it's
5 helpful when we can work with the county to
6 identify opportunities. And so every county
7 has slightly different forms of government.
8 We have a strong county legislature form of
9 government in Albany County, and so as far as
10 working with the county executive, it really
11 needs to be not just the county executive in
12 Albany County, but also that legislative body
13 needs to be actively engaged, so that when we
14 arrive at opportunities for savings that
15 there's support within the legislature for
16 that.

17 But certainly this is something that
18 we have to do. For us, the 2 percent tax
19 cap -- you know, we can't raise property
20 taxes more than we've raised them. So we're
21 constantly looking at opportunities for us to
22 share services. When we have positions that
23 open up, the first thing we do is go and look
24 at the county and say, Does the county have

1 someone that does this job already for the
2 county? And is there a way we can contract
3 with the county to provide this service to
4 the City of Albany when a position becomes
5 open?

6 ASSEMBLYMAN MAGNARELLI: So you're
7 doing that.

8 MAYOR SHEEHAN: Yeah. Absolutely.

9 ASSEMBLYMAN MAGNARELLI: So just to
10 boil this all down, it's not a bad idea.

11 MAYOR SHEEHAN: No. It's never a bad
12 idea to talk.

13 ASSEMBLYMAN MAGNARELLI: Okay. It's
14 not a bad idea to do it on an annual basis
15 and to sit down and try to see if there's
16 anyplace that shared services could come into
17 play.

18 MAYOR SHEEHAN: Right. I think where
19 the challenge comes in is the formulas with
20 respect to where the savings fall, and that's
21 an area where I think that allowing the
22 municipalities to really look at this and
23 strategize through it, it allows us to have a
24 collaborative conversation.

1 As opposed to the county -- you know,
2 we're all looking to cut, but in some
3 instances for the county to increase its
4 payroll might actually benefit everybody. So
5 we don't want the county to be penalized, for
6 example, for taking on the dispatchers. It
7 increases their head count, but it's actually
8 providing a savings countywide and within the
9 municipalities that are participating in it.

10 So that's where it would be helpful to
11 have a little more flexibility with respect
12 to where those savings end up falling.

13 ASSEMBLYMAN MAGNARELLI: Okay. Thank
14 you.

15 As far as the shared services, you
16 mentioned a little bit about some of the
17 barriers to doing it, and we talked about the
18 legislature being more involved on the county
19 side in order to get things done. Is there
20 anything else that you can see forming
21 barriers to sitting down and discussing
22 shared services?

23 MAYOR SHEEHAN: I don't pretend to
24 know all the ins and outs of it, but I know

1 that there are still some challenges with
2 respect to looking at a healthcare model, a
3 health insurance model that the county would
4 be the policyholder and the municipalities
5 could purchase their healthcare through the
6 county. And I know that that's been
7 something that's been raised at the various
8 meetings with respect to the purchase of
9 healthcare where I still think either there's
10 a misunderstanding or there may actually be
11 some barriers that are still in place to
12 being able to do that.

13 ASSEMBLYMAN MAGNARELLI: Correct me if
14 I'm wrong, but I think last year you talked
15 about some of the efficiency grants that you
16 were able to get. I think Albany was one of
17 the only cities, I remember, that actually
18 got some of the grants that had been in the
19 budget for a number of years.

20 Are you still getting monies, and do
21 you think that those grants were helpful?

22 MAYOR SHEEHAN: Absolutely. You know,
23 it takes a lot to plan the process, for
24 example, of consolidating 911. We have to

1 ensure that we have access to our
2 information, we have to ensure that we are
3 going to be able to provide the same level of
4 service, we have to negotiate with our unions
5 with respect to a change -- if there's going
6 to be a change in their employer.

7 And so that takes planning, and
8 everybody has day jobs. So this grant
9 funding allows us to bring the resources in
10 to help us do that planning.

11 ASSEMBLYMAN MAGNARELLI: One final
12 question. Something that came up in the
13 Governor's budget this year is this fiber
14 optic wireless facilities and the state
15 basically taking over the licensing of the --
16 what do they call it? The small cells.

17 What's your take on that?

18 MAYOR SHEEHAN: Well, we've entered
19 into an agreement with one of the small cell
20 carriers. We think that that is important
21 revenue, so again -- we have to sit down and
22 we have to talk. We have to look at what's
23 happening with the different revenue sources,
24 particularly with respect to utilities, so

1 that as we -- if this technology truly
2 becomes the next generation and cable goes
3 away, now you have a cable franchise fee that
4 the cities are collecting that they are
5 not -- if we don't have access to the small
6 cell revenue, then that's a loss of revenue.
7 You know, in the City of Albany, that's well
8 over a million dollars.

9 ASSEMBLYMAN MAGNARELLI: And am I
10 correct, the Governor's budget basically says
11 that the state would collect whatever that
12 fee would be for the small cells?

13 MAYOR SHEEHAN: It's my understanding
14 that they're -- yeah.

15 ASSEMBLYMAN MAGNARELLI: According to
16 my understanding.

17 MAYOR SHEEHAN: Yeah.

18 ASSEMBLYMAN MAGNARELLI: But -- okay.
19 All right. Well, thank you very much, and
20 it's always good to see you. Thank you for
21 coming.

22 MAYOR SHEEHAN: Thank you.

23 SENATOR KRUEGER: Senator Kathy
24 Marchione.

1 SENATOR MARCHIONE: Good afternoon,
2 Mayor.

3 MAYOR SHEEHAN: Good afternoon.

4 SENATOR MARCHIONE: Just a little bit
5 on shared services. Certainly you know that
6 the Governor's plan to permanentize the
7 shared-service plans removes the state match
8 for any shared-service savings resulting from
9 any approved plan -- that last year, of
10 course, the match was in the budget.

11 What effect do you think the removal
12 of the state match has on effectively
13 achieving any shared services under now this
14 proposed permanent program?

15 MAYOR SHEEHAN: Well, I know that
16 there had been some concern expressed on the
17 county level with respect to the impacts of
18 shared services. So if the county is going
19 to be taking on more services and that
20 benefits the municipalities, then the way
21 that the formula works within the tax cap,
22 the counties at least perceive it as the
23 county being punished -- maybe that's too
24 strong of a word -- but potentially punished

1 for taking on a city service. Or a town
2 service.

3 And so I think that's where it would
4 be helpful to have some more flexibility, and
5 I know that there have been some meetings at
6 the staff levels to sort of walk through some
7 examples of that. And one of the areas,
8 because we're looking at this consolidated
9 911 and this consolidated dispatch, I think
10 it's going to provide a good opportunity to
11 show what the impact can be if the -- if
12 we're not able to work through that in a way
13 that the county isn't penalized for taking on
14 a service that the city currently takes on.

15 You know, we're looking to pay the
16 county for that service. But again, it's
17 going to increase the county's expenses and
18 decrease an expense on the part of the city.

19 SENATOR MARCHIONE: Okay. Still in
20 shared services, the Governor's plan on
21 shared services also continues the procedure
22 whereby any member of the shared-services
23 panel that does not vote for a proposed
24 shared-services plan must provide a detailed

1 statement justifying their opposition vote.

2 Such a requirement exists nowhere
3 else, that we're aware of, in law, to require
4 an elected official to have to justify why
5 they don't support a proposal. What are your
6 thoughts regarding the continuation of this
7 requirement, now that the program would
8 become permanent in law?

9 MAYOR SHEEHAN: Again, I think that
10 from the standpoint of shared services, it's
11 really important to look at what we're
12 accomplishing. And it's not just in Albany
13 County; I know that it's happening in
14 Rensselaer County, in Schenectady County.
15 These conversations are ongoing.

16 And with respect to the work that
17 we're doing, you know, I've looked at other
18 cities' budgets when I was putting together
19 my testimony, and if you look at the
20 growth -- or really the lack of growth -- in
21 those budgets, I think you see across the
22 state that municipalities have grown at a
23 much smaller rate than the state because we
24 have had to do more with less.

1 And so, you know, of course I'm a
2 local elected official, I want as much
3 independence and autonomy as I can have, and
4 I think that we ultimately have to answer to
5 the people who elect us and ensure that we
6 are advocating for what we think is best for
7 the residents who we represent.

8 SENATOR MARCHIONE: Thank you. I
9 agree with you, Mayor.

10 But one of the real concerns, again,
11 on this program that I haven't heard you talk
12 about is it's an unfunded mandate at this
13 point. Last year it was not. Last year
14 there were some real benefits behind the
15 shared-services program, that you could reap
16 benefits on what you're doing. There was
17 also an added benefit encouraging localities
18 to get together. And now, you know, now it's
19 permanent, but there's no money.

20 And, you know, if it's a duck, it's a
21 duck. And to me it's an unfunded mandate,
22 that you are now going to be facing one more.
23 And I hear this all the time, so certainly I
24 have that concern for you.

1 SENATOR KRUEGER: Thank you.

2 Assembly?

3 CHAIRWOMAN WEINSTEIN: Assemblyman
4 McDonald.

5 ASSEMBLYMAN McDONALD: Thank you,
6 Madam Chair.

7 Mayor, good to see you. Thank you for
8 your report, very illustrative.

9 A couple different things. I'm
10 actually going back to the tax cap question,
11 shared services -- and I've asked this to a
12 lot of elected officials, it's not just you.
13 But it's true, you know, it's very difficult
14 for local leaders to actually put a
15 shared-services initiative together. You
16 have to work with your labor staff and the
17 whole nine yards. And one of the
18 disincentives that I'm seeing -- I think you
19 referenced this -- is that, you know, you
20 transfer a service -- say you transfer
21 dispatch to Albany County. You have your tax
22 cap lowered, you're almost penalized.

23 Now, some people will say, Well,
24 listen, they're not providing the service,

1 they should give up something. But do you
2 have a suggestion of -- is there a sweet spot
3 in the middle or someplace where we can get
4 to a compromise? Because I find if we're
5 going to be discussing making this shared
6 services initiatives a permanent thing --
7 which I know, I used to go to the same
8 meetings you used to, and we do meet
9 quarterly -- we don't want to discourage -- I
10 think it's becoming a barrier, to be honest
11 with you, the tax cap, I think in that
12 aspect.

13 MAYOR SHEEHAN: And again, from the
14 standpoint of the tax cap, the practical
15 answer for the City of Albany is -- I mean,
16 it doesn't matter. Until this \$12.5 million
17 is fixed, I don't have the luxury of even
18 thinking about having an opportunity to raise
19 taxes to the full amount of the cap. Nor do
20 I think that that's the right answer.

21 But I think from the standpoint of,
22 you know, looking at opportunities to save
23 money, that we have to grow within our means.
24 But the means that Albany is provided is like

1 no other city. And so when I look at what we
2 have accomplished and what we can accomplish
3 if we pursue shared services, none of that
4 negates the need to fix this gap that's been
5 filled with gimmicks and with spinups and
6 with borrowing from the future.

7 And so I'd love to come here next year
8 having this \$12.5 million permanently fixed
9 and then to be able to talk about other
10 initiatives that I think can help provide our
11 city -- to be on a track where we're not
12 talking about unrestricted aid anymore, we
13 are talking about how do we grow within our
14 means.

15 ASSEMBLYMAN McDONALD: The next part
16 is -- actually, Assemblymember Fahy's asking
17 this question too, but she had to run back to
18 a committee meeting -- the fiscal stress
19 score, you're in the above 65 percent in
20 2017. Where was the city the year or two
21 before?

22 MAYOR SHEEHAN: So this was our second
23 year in a row of being in significant fiscal
24 stress. We were slightly better this year

1 than we were the previous year.

2 ASSEMBLYMAN McDONALD: Right.

3 MAYOR SHEEHAN: We didn't fall into
4 that category until we had spent the last of
5 our fund balance, which happened with the
6 budget that I inherited.

7 ASSEMBLYMAN McDONALD: Which is
8 remarkable considering the contracts that you
9 had to settle. And I know everybody deals
10 with them, but they were laboring for a long
11 period of time -- and also you controlled --
12 you decreased your spending, for lack of a
13 better term.

14 The PFM report came out, I think,
15 after the budget last year, or somewhere in
16 between?

17 MAYOR SHEEHAN: It was as we were
18 preparing our budget.

19 ASSEMBLYMAN MCDONALD: So where -- did
20 it call for a continued stream of state aid?

21 MAYOR SHEEHAN: So -- it did. There
22 was a table in it that suggested that through
23 increasing our taxes every year the full
24 2 percent -- which we all know that the

1 2 percent isn't really 2 percent -- and
2 charging additional fees to our taxpayers,
3 that we could reduce the need from
4 \$12.5 million to a smaller number.

5 And I would submit to you, again, no
6 other city is being asked to do that. Their
7 AIM is their AIM. And whether we're able to
8 repurchase our street lights and realize
9 savings in our utility expenses, those are
10 dollars that we know are going to have to
11 fund future interest arbitration awards or
12 hopefully contract settlements with our
13 unions, as well as the continued increase
14 that we see in healthcare costs.

15 You know, these are all things that we
16 have to manage too. But to somehow say that
17 the City of Albany, for every dollar it
18 saves, it's got to give it to the state --
19 and no other city is being asked to do
20 that -- is what I am here saying has to end.

21 ASSEMBLYMAN MCDONALD: I don't
22 disagree with you on that, particularly since
23 most of what you deal with is mandated by us
24 here at the state.

1 My last question, and it kind of goes
2 into the apples-and-apples and
3 oranges-and-oranges question, a lot of people
4 say: Well, listen, you're in Albany, this is
5 where state government is, that's where all
6 the jobs are. What's your response to that?

7 MAYOR SHEEHAN: You know, I love being
8 the Capital City. I love having all of you
9 here, I love that issues are debated here and
10 that you have really, really smart people
11 working in your agencies doing really
12 innovative and exciting things.

13 But the reality is that most of the
14 people who work in this complex don't live in
15 the City of Albany. They live in our more
16 affluent suburbs where they pay lower
17 property taxes, where they're not in areas
18 where they have high concentrations of
19 poverty, high concentrations of social
20 services -- and so the burden is falling to
21 the residents of this city.

22 We don't have a commuter tax. We
23 share sales tax countywide based on
24 population. So this burden is falling to the

1 people who can least afford to bear that
2 burden.

3 And that is why I again implore you,
4 and I have implored the Governor, to fix
5 this. This was not a problem that he
6 created, this was not a problem that was
7 created -- you know, this is a problem that
8 has existed for years, but it's been dealt
9 with in multiple ways. It's time to just fix
10 it.

11 ASSEMBLYMAN McDONALD: Thank you.

12 CHAIRWOMAN WEINSTEIN: Thank you.

13 SENATOR KRUEGER: Senator Diane
14 Savino.

15 SENATOR SAVINO: Thank you, Mayor
16 Sheehan.

17 I just have one question, because I've
18 always found this perplexing that the host
19 city is essentially not being compensated.
20 Do you have an idea of how much money the
21 State of New York would have to pay you in
22 property taxes if they were a property
23 taxpayer?

24 MAYOR SHEEHAN: You know, we've

1 actually looked at if they would just pay us
2 1 percent of the value of all the property,
3 and it would be well over \$12.5 million. It
4 would be probably -- I think it's an
5 additional \$24 million. That's just
6 1 percent.

7 I'm sure that my staff has done that
8 calculation, but -- and I'll get it to you.
9 We'll shoot it to you.

10 SENATOR SAVINO: I'd be curious to
11 know.

12 MAYOR SHEEHAN: Yeah.

13 SENATOR SAVINO: And the other states
14 where the capital is in a city, do they have
15 the same experience? Or does this happen in
16 Trenton, in Sacramento, in --

17 MAYOR SHEEHAN: There are a number of
18 states that do provide special capital city
19 funding to their capital cities.

20 You know, there are others -- Columbus
21 is a great -- is a good model. In Columbus,
22 in Ohio, you can annex. So Columbus just
23 annexed its way. Right? Everyone in Colonie
24 and Guilderland and Bethlehem loves to hear

1 me say this -- they really don't, no. But I
2 scare them when I say that.

3 I mean, if we were to just annex our
4 surrounding suburbs, we would be able to grow
5 our tax base and the problem would be much
6 smaller. But clearly in New York State
7 that's not a realistic option.

8 SENATOR SAVINO: Because I think it's
9 outrageous that the City of Albany gets
10 shortchanged so much, and I'm often surprised
11 that you only ask for \$12 million, because
12 quite honestly it seems like a very unequal
13 relationship.

14 MAYOR SHEEHAN: It does, and I will
15 say that that is probably for me one of the
16 most frustrating and challenging things.
17 Because I love a challenge, and I was willing
18 to challenge our city and my staff and our
19 leadership team to do better, and we did.
20 And we have. But the \$12.5 million is
21 \$12.5 million, and it probably should be
22 more. And if I could be criticized by our
23 residents, it would be that it's only 12.5.

24 But I'm confident that with that

1 \$12.5 million, and with the focus that we've
2 had on economic development and on growth,
3 that we can be on a path to sustainable
4 growth, reasonable growth going forward.

5 SENATOR SAVINO: And finally, on that
6 point, I know when I first got here there was
7 talk of the new convention center, and at one
8 point it looked like it would never happen,
9 and now it's here.

10 MAYOR SHEEHAN: It is.

11 SENATOR SAVINO: So the new convention
12 center, new hotels, is that producing the
13 type of economic activity that you had hoped
14 for?

15 MAYOR SHEEHAN: We're starting to see
16 investment, we're starting to see new small
17 businesses pop up. But again, that growth in
18 our tax base is what we're going to need to
19 equalize our tax base so that we don't have
20 this disproportionality that's impacting our
21 business community in particular.

22 And so, you know, there's the Harriman
23 campus, there's often been talk about
24 developing that campus, that's moved nowhere.

1 The 8-acre parcel downtown still has not been
2 developed. The state does seem to be moving
3 forward with freeing that up for development.

4 But again, growing our tax base --
5 those are things that, you know, again, as a
6 new hotel goes up in the City of Rochester, I
7 don't see them being asked to subtract from
8 their AIM, on their unrestricted aid, the
9 value of that new hotel.

10 SENATOR SAVINO: Thank you.

11 SENATOR KRUEGER: Thank you.

12 I think I'm the last one.

13 CHAIRWOMAN WEINSTEIN: Yeah.

14 SENATOR KRUEGER: Thank you.

15 So every year when you testify I ask
16 you, What did Albany do to apparently have no
17 friends in this town? Which is ironic,
18 because you pull out these numbers about how
19 little you get per capita from AIM, and it's
20 sort of breathtaking to me that we continue
21 to have this story every year, and more even
22 that everyone else who's getting AIM doesn't
23 go, Wait a second here, why is Albany being
24 punished?

1 cities now.

2 But what I do know is that the past is
3 the past, and it's time for us to fix this
4 inequity permanently.

5 SENATOR KRUEGER: I agree with you,
6 absolutely. I've also -- I was looking at
7 what some other cities are doing when they
8 have such a large amount of their property
9 owned or controlled by not-for-profits and
10 government. So Boston has PILOTs where they
11 get \$32 million a year from what they call
12 the eds and the meds, the colleges and the
13 medical centers. And Pittsburgh's had a
14 history of that, and a few other cities
15 around the country.

16 I wonder whether you've ever explored
17 that here in Albany.

18 MAYOR SHEEHAN: We have. One of the
19 first things that I did when I became mayor
20 was I brought in the heads of all of our
21 large institutions, our nonprofit
22 institutions -- and so we do have voluntary
23 PILOT payments, certainly not on the scale as
24 Boston.

1 Our largest university is the
2 University at Albany, which will not pay a
3 PILOT payment. And our smaller universities
4 are struggling, our smaller colleges are
5 struggling financially, but we have been
6 successful in partnering with our hospitals,
7 with the Port, and with Fuller Road
8 Management -- although that's not going to
9 continue -- that owns SUNY Poly. We've also
10 had one of our hospitals pay for a traffic
11 study that we would otherwise had to pay for.

12 So we're working very closely with our
13 not-for-profits to work with them. They know
14 that the strength of the city really impacts
15 the strength of their businesses as well, and
16 their employees, so they have been willing to
17 help us at this point through voluntary PILOT
18 payments.

19 SENATOR KRUEGER: Thank you very much,
20 Ms. Mayor.

21 MAYOR SHEEHAN: Thank you.

22 SENATOR KRUEGER: Thanks for coming.

23 CHAIRWOMAN WEINSTEIN: Thank you for
24 being here.

1 MAYOR SHEEHAN: Thank you.

2 CHAIRWOMAN WEINSTEIN: As a quick
3 question, actually -- I was just wondering,
4 you know, I know we had some press
5 conferences together calling for the passage
6 of the zombie laws of vacant and abandoned --
7 and I'm just wondering how -- I know it's
8 just a short period of time, but how that is
9 helping the City of Albany.

10 MAYOR SHEEHAN: Again, another issue I
11 would have loved to have come to talk to you
12 about for a much longer period of time. But
13 I will say that we were successful in getting
14 funding for a position -- again, our
15 challenge is our operating budget -- through
16 the Attorney General's office to pay for a
17 person whose job it is to identify and have a
18 plan for each and every vacant building in
19 this city.

20 That person has completed their vacant
21 building inventory. We're using the software
22 that the Attorney General's office funded,
23 and we have the ability now -- we've graded
24 each of the buildings, we know the condition

1 that they're in. We were able to use some
2 HUD funding that we have that was a loan
3 repayment, we're providing a million-dollar
4 pool for grants for vacant buildings. We're
5 working with the Land Bank, and it is my
6 priority for 2018. I am going to be holding
7 myself accountable.

8 We have the inventory now, it's 1,044.
9 A year from now, it needs to be a number less
10 than that and we need to have these buildings
11 back into a plan, either for reuse or in some
12 cases, unfortunately, there will be some
13 demolitions.

14 CHAIRWOMAN WEINSTEIN: Thank you for
15 that.

16 MAYOR SHEEHAN: Thank you.

17 CHAIRWOMAN WEINSTEIN: Thank you for
18 being here.

19 MAYOR SHEEHAN: Yes. It's going very,
20 very well.

21 CHAIRWOMAN WEINSTEIN: Great.

22 Next we'd like to invite Mayor Lovely
23 Warren, the mayor of the City of Rochester,
24 to come address the committee.

1 MAYOR WARREN: Good afternoon,
2 Chairwoman, Chairwoman Weinstein, members of
3 the Ways and Means and Finance Committees,
4 other members of the Senate and Assembly.
5 Thank you for the opportunity to address this
6 panel on behalf of the residents of the City
7 of Rochester. I am joined today by my budget
8 director, Chris Wagner.

9 I am proud to lead the City of
10 Rochester in a time of growth. We're creating
11 more jobs, safer and more vibrant
12 neighborhoods and better educational
13 opportunities. Our downtown is thriving, and
14 our neighborhoods are making a comeback.

15 I have just begun my second term as
16 mayor, and over the next four years I will be
17 focused on providing economic equality for
18 all of Rochester's residents, not just a
19 select few.

20 The City of Rochester prides itself on
21 being a good steward of the taxpayer's
22 dollars, so much so that we received two bond
23 rating upgrades in recent years. We support
24 and have consistently complied with the

1 state's property tax cap, and have a strong
2 record of consolidation and shared services.

3 As is the case every year, the City of
4 Rochester is beginning its budget process
5 with a significant deficit. This year we
6 begin the budget process with a \$47.6 million
7 all-funds gap. As we do every year, we face
8 tough decisions as we strive to protect the
9 services that are a lifeline for so many,
10 while also continuing to move our city
11 forward.

12 But we simply cannot cut our way to
13 prosperity. I am well aware that the state
14 is facing its own budgetary challenges, so I
15 did not come here today with a long list of
16 requests. Instead, I am here to ask the
17 state to protect our existing revenue
18 streams, particularly when it comes to our
19 aid to municipality funding, the gross
20 receipts tax, and capital funding for key
21 projects.

22 To put my requests into context, I ask
23 you to consider the following. The City of
24 Rochester receives 88.2 million in AIM aid

1 from the state each year. However, we are
2 required to pay 119.1 million as a
3 maintenance of effort to the Rochester City
4 School District. Rochester is the only
5 upstate city whose maintenance of effort
6 exceeds the AIM aid that we receive, and that
7 deficit is \$30.9 million. This also means
8 that Rochester gives up 68 percent of its tax
9 levy to the school district, leaving just
10 32 percent available to support police, fire,
11 libraries, recreation, and other critical
12 city services.

13 Further cuts to Rochester AIM aid
14 would drastically impact our ability to
15 provide residents with these services. In
16 addition to maintaining our AIM aid and
17 asking for more, I want to stress why
18 alternative revenue streams, including the
19 gross receipts tax, are so crucial for us.

20 Rochester has seen a 56 percent
21 decline in its annual gross receipts tax
22 revenue, from over \$11 million to just over
23 5. That is \$6 million that would go a long
24 way towards helping the citizens of

1 Rochester. Even though the New York State
2 Department of Taxation and Finance agrees
3 that such revenues are subject to the tax,
4 many energy service companies, or ESCOs, do
5 not pay it.

6 The state can fix this situation once
7 and for all by enacting legislation to
8 clarify that ESCO revenues associated with
9 the sale of gas and electric falls within the
10 scope of GRT. And the proposed elimination
11 of the ESCO exemption from the sales tax
12 provides some relief, but does not address
13 the overall receipts tax issue.

14 In addition, I ask that you include
15 cellular services within the scope of this
16 tax. Both New York State in its excise tax
17 and New York City in its gross receipt tax
18 have changed their respective statutes to
19 deem cellular service revenue as taxable.
20 Two bills have been introduced that would
21 resolve both issues.

22 I would also like to voice my support
23 for the proposal to require marketplace
24 providers to collect sales and use taxes on

1 goods sold to New York residents online.

2 Another revenue stream that is being
3 threatened deals with municipalities' ability
4 to manage and monetize wireless facilities in
5 public rights of way. Article VII, Part F of
6 the transportation, economic development, and
7 environmental conservation bill would harm
8 our city by giving private companies more
9 control over installation of
10 telecommunications equipment in our city.
11 Not only does this bill restrict the recovery
12 of fees to far less than the city's actual
13 costs, but it strips the city of its ability
14 to manage the right-of-way and regulate
15 facilities and equipment through its zoning
16 regulations.

17 This bill poses a substantial threat
18 to public safety, the integrity of our
19 neighborhoods, and the public purse. I am
20 asking legislators to stand up for
21 municipalities by opposing this measure.

22 Rochester would not be where it is
23 today if it were not for the support of our
24 state legislators, and I would like to thank

1 you, especially Rochester's state delegation,
2 for your continued investment. I would also
3 like to ask for your support of provisions in
4 the Governor's proposed budget that stand to
5 benefit our city.

6 Governor Cuomo's capital spending
7 plan, for example, includes much-needed
8 funding that will help us boost tourism,
9 drive our economy, and create jobs. The
10 proposed photonics attraction fund will
11 bolster Rochester's reputation as the
12 photonics capital of the world.

13 We also have significant capital
14 needs, including our convention center, the
15 Blue Cross Arena, and other public
16 infrastructure, which we will continue to
17 work with the Governor and our state
18 delegation to advocate for.

19 And lastly, the Governor's proposals
20 to restore childcare funding, help our youth
21 find meaningful employment, and reduce the
22 risks of lead paint exposure, among others --
23 and expand broadband access -- will ensure
24 that our youngest citizens get off to the

1 very best start in life.

2 Thank you for your time and attention
3 today, and I'd be happy to take any questions
4 that you may have.

5 CHAIRWOMAN WEINSTEIN: Thank you for
6 being here today.

7 Assemblyman Magnarelli.

8 ASSEMBLYMAN MAGNARELLI: Thank you,
9 Madam Chair.

10 Mayor, thank you very much for being
11 here today.

12 MAYOR WARREN: Thank you.

13 ASSEMBLYMAN MAGNARELLI: Always good
14 to see you.

15 MAYOR WARREN: Good to see you as
16 well.

17 ASSEMBLYMAN MAGNARELLI: I'm going to
18 ask basically the same questions I asked the
19 mayor of Albany. What about our shared
20 services and what we've been doing over the
21 past year? Have you had the opportunity to
22 meet with Monroe County officials and all of
23 the other municipalities in Monroe County to
24 come up with a plan, and how did that go this

1 year?

2 MAYOR WARREN: Yes, we met, and we
3 came up with a plan, and that plan was
4 submitted through the county.

5 Rochester is very unique, because many
6 years ago we did a lot of the consolidations
7 that many other cities are starting to do
8 now. So when you look at our libraries,
9 we've already consolidated our library
10 infrastructure. When you look at our 911,
11 we've already consolidated 911. We
12 consolidated our sewers with the County of
13 Monroe as well.

14 And so there's not much that we can do
15 additionally than what has already been done.
16 Social services, the Department of Health,
17 all of that was consolidated many years ago.
18 There's not much consolidation that we can do
19 today that hasn't already been done as it
20 pertains to cost savings for the city or for
21 the county.

22 ASSEMBLYMAN MAGNARELLI: But you said
23 there was a plan. So there must have been
24 something.

1 MAYOR WARREN: Well, most of it was
2 with the towns which would -- you know,
3 benefit some of the towns.

4 But as it pertains to consolidations
5 with the city, one of the things that we've
6 done with one of our local towns, which is
7 the Town of Brighton, is we provide them with
8 our firefighter services, and that has worked
9 pretty well.

10 We can probably do a little bit more
11 of that, but when it comes down to the larger
12 consolidations, we've already done those.
13 And so it wouldn't necessarily benefit us any
14 more to do consolidations.

15 ASSEMBLYMAN MAGNARELLI: So do you
16 believe that this is a good idea that you
17 continue on an annual basis, or do you feel
18 that it's not worthwhile for Rochester?

19 MAYOR WARREN: I believe that we have
20 to be at the table, being that we are the
21 city of the county -- the center of the
22 County of Monroe and we work with all of our
23 other towns and municipalities. So we
24 definitely have to be at the table.

1 But when it comes down to the larger
2 ability to save dollars, taxpayers' money by
3 consolidating, those consolidations have
4 already been done as it pertains between the
5 city and the county. Now, there are things
6 that the county can do with the towns that
7 may -- the plan shows, go a long way. But as
8 it pertains to the City of Rochester in
9 consolidations with the county, there's not
10 much that we can do outside of providing some
11 additional fire services or police services.

12 ASSEMBLYMAN MAGNARELLI: Okay.

13 Are you currently within the 2 percent
14 tax cap?

15 MAYOR WARREN: Yes.

16 ASSEMBLYMAN MAGNARELLI: Okay. But do
17 you feel that that's a good thing or a bad
18 thing?

19 MAYOR WARREN: Well, we are sort of in
20 a position where we have significant poverty
21 in the City of Rochester, as you heard from
22 the mayor of Albany --

23 ASSEMBLYMAN MAGNARELLI: Same thing.

24 MAYOR WARREN: And because of that,

1 and the fact that we have to pay
2 \$119.1 million to our school district,
3 \$30 million less than we receive in AIM aid,
4 we get ourselves in a situation where we
5 can't tax our way out of this. Where
6 68 percent of our tax dollars are
7 automatically going to our school district,
8 we're providing for fire, police, 911, DSS
9 services, libraries, recreation -- it's out
10 of the rest of those dollars that we're able
11 to receive in grants and other things.

12 And so we're caught between a rock and
13 a hard place. We need the state to put a
14 real formula together as it pertains to AIM
15 aid, or to at least allow us to do -- or do
16 what you do for other cities like Syracuse
17 and Buffalo, which is cover 100 percent of
18 their school aid that they provide to their
19 school districts.

20 ASSEMBLYMAN MAGNARELLI: Not
21 100 percent, I can tell you that. Okay?

22 MAYOR WARREN: Well, the amount of AIM
23 aid that they receive from the state covers
24 the amount that they provide to their school

1 district, whereas Rochester, the amount of
2 money that we receive in our AIM aid does not
3 cover the amount that we give to our school
4 district.

5 ASSEMBLYMAN MAGNARELLI: Probably
6 something that we should discuss later.

7 MAYOR WARREN: Okay.

8 (Laughter.)

9 ASSEMBLYMAN MAGNARELLI: Fiber optic
10 wireless facilities. You mentioned it in
11 your remarks.

12 MAYOR WARREN: Yes.

13 ASSEMBLYMAN MAGNARELLI: I take it we
14 don't have to belabor the point. You're not
15 for this idea.

16 MAYOR WARREN: No. This would be very
17 detrimental to our city.

18 ASSEMBLYMAN MAGNARELLI: I got it.

19 Thank you very much.

20 MAYOR WARREN: Thank you.

21 CHAIRWOMAN WEINSTEIN: Senate?

22 SENATOR KRUEGER: Senator Diane
23 Savino.

24 SENATOR SAVINO: Thank you, Senator

1 Krueger.

2 Good afternoon, Mayor.

3 I want to follow up on that, because I
4 was looking at the Article VII, Part F with
5 respect to the small cell fee. So can you --
6 how would it be detrimental to Rochester?
7 Because if you read the Governor's proposal,
8 it sounds pretty good. You establish a
9 statewide model where you don't have these
10 wide differences in the costs -- as like in
11 Buffalo, they instituted a \$2,000-per-line
12 fee as opposed to what -- I think the
13 Governor's proposing \$200.

14 So it's a little confusing, and I
15 think we all agree that we want to expand
16 mobile broadband across the state as much as
17 we can so that we can have 5G everywhere.
18 Why would it be harmful to the City of
19 Rochester?

20 MAYOR WARREN: For a couple of
21 reasons. The City of Rochester a long time
22 ago went into an agreement with Fibertech,
23 and so a lot of the fiber has been laid in
24 our community that we utilize through that

1 agreement. Basically this proposal will be
2 detrimental to that agreement and supercede
3 that agreement that we currently already
4 have.

5 The second thing that is a problem is
6 that we will lose control over public
7 infrastructure. The light poles and other --
8 the other amenities that these particular
9 telecommunications companies would use
10 utilize what the public infrastructure -- we
11 would not be able to charge for them. We
12 would not be able to make sure that when they
13 go in and they tear up our roads, that they
14 replace them with actual -- the right
15 materials. Or when they go into our
16 sidewalks and tear them up, that they replace
17 them to the standard that is above quality
18 for our citizens. But also the products that
19 they actually put on a light post, that they
20 be in compliance with our zoning rules and
21 regulations.

22 We've had a number of -- in the last
23 couple of years, a number of
24 telecommunications companies that have come

1 in that have wanted to put up big boxes on
2 these particular light poles. Neighbors have
3 been very, very upset about it. And through
4 our zoning policies, we've been able to
5 regulate that.

6 And also we've been able to charge a
7 fee, and so it's a revenue stream for us that
8 we would not be able to collect in -- if this
9 legislation were to pass.

10 SENATOR SAVINO: Thank you for that
11 explanation.

12 Is there any concern on your part
13 though that -- it seems the feds are prepared
14 to come in and act to rein in fee structures
15 to prevent these wide swings in fees by
16 various municipalities. Are you concerned at
17 all that they may come in and supersede what
18 the state's trying to do anyway?

19 MAYOR WARREN: Well, I think that it's
20 always a concern. But to take away local
21 control is a problem. At the end of the day,
22 the city is responsible for the
23 infrastructure. And when you have
24 individuals that can come in and cut a line

1 into your road that you just repaired without
2 any concern or regard for your rules and
3 regulations, that's a problem. When they can
4 tear up your sidewalks and not put in quality
5 new sidewalks, then that's a problem.

6 As you know with -- as we've also been
7 able to see with climate change, in the
8 fluctuation in temperature, what we replace
9 these -- the infrastructure that they tear
10 up, it's very important, and we need to be
11 able to charge those telecommunication
12 companies for what they're doing in the
13 public right-of-way.

14 That right-of-way belongs to the
15 public, and we have a responsibility to make
16 sure it's safe and to make sure that they're
17 replacing the product with good quality
18 infrastructure that can last us into the
19 future.

20 SENATOR SAVINO: Have you shared your
21 concerns with the Governor's office? And are
22 the mayors, are they all -- and I know you
23 all talk to each other, you know, when we're
24 not looking. Is this a concern that exists

1 across most of the municipalities?

2 It was interesting, the mayor of the
3 City of New York didn't mention it, but it's
4 possible they never got around to it.

5 MAYOR WARREN: Yes, this is something
6 that NYCOM is going to talk about as well.
7 We have talked to the Governor's office about
8 this, and we will continue to talk to the
9 Governor's office and to everyone that will
10 listen, that this will be -- as currently
11 written will be detrimental to cities and
12 their infrastructure and their ability to, of
13 course, get revenue from these
14 telecommunications departments or businesses
15 that are doing business in our community.

16 SENATOR SAVINO: Thank you.

17 SENATOR KRUEGER: Thank you.

18 Assembly? Any?

19 Well, then, thank you so much for
20 coming to testify.

21 MAYOR WARREN: Thank you.

22 SENATOR KRUEGER: And our next speaker
23 up is the Honorable Mike Spano, mayor of the
24 City of Yonkers.

1 Good afternoon, and welcome.

2 MAYOR SPANO: Good afternoon.

3 Good afternoon, Senator, Chairwoman
4 Young -- I know that I saw Chairwoman
5 Weinstein a moment ago -- Assemblywoman
6 Shelley Mayer, certainly my good friends and
7 colleagues, the members of the Yonkers
8 delegation that are here. Now I'd say thank
9 you for welcoming me here.

10 Over the last six years, Yonkers has
11 demonstrated that we can meet our challenges
12 head on. I believe Governor Andrew Cuomo and
13 the State Legislature are very familiar with
14 the gritty and can-do attitude that is known
15 of Yonkers residents. We have challenges, we
16 know that. We do our best to take them on
17 head on, and we usually come out ahead of
18 them.

19 We are tough because, let's face it,
20 we really don't have any other options. I
21 applaud Governor Cuomo and his recent budget
22 proposal that contains creative and
23 progressive initiatives to combat potential
24 devastating effects to the New York taxpayers

1 due to the recent federal tax plan. And
2 working together with all of you in the
3 Legislature, I am confident New York will
4 combat the assault on our hardworking men and
5 women in our state.

6 Despite the obstacles that have been
7 placed in front of us, Yonkers will continue
8 to succeed. For example, in 2012 when I
9 first sat before you as a new mayor of our
10 city, Yonkers' public schools graduation rate
11 was at 72 percent. Just last week, it was
12 reported that Yonkers public schools are now
13 graduating -- I would say a dramatic
14 improvement by double digits, over -- it was
15 a 14 percent increase, still the highest
16 among the Big 5 city school districts, and
17 that is remarkable. And we know that our
18 improved numbers can be attributed to the
19 support of our Governor and certainly of all
20 of you, and we thank you.

21 This year in his Executive Budget
22 Governor Cuomo proposed an increase in
23 education Foundation Aid, especially to those
24 high-need school districts, and it's a great

1 start and we are thankful for that. And
2 while we take pride in what we've
3 accomplished, we can't ignore staggering
4 statistics that still confront us.

5 In 2010, the Yonkers public schools
6 had to make devastating cuts to the district
7 due to the lack of funding, and over
8 400 teachers were given pink slips. The
9 district has yet to recover from the blow and
10 struggles to properly educate and serve the
11 students of Yonkers to the best of its
12 abilities.

13 Over the years, you've heard me speak
14 of the startling deficiencies that Yonkers
15 schools face due to necessary cuts in
16 services. If you don't mind, I'll run
17 through this all over again: 12 percent of
18 our students are learning English for the
19 first time, and 17 percent of our students
20 have disabilities. These are high numbers,
21 and we need the staff and the services to
22 meet their needs.

23 For starters, we need psychiatrists,
24 social workers, and school counselors in

1 every school. We need art, music, and
2 technology to be part of every student's
3 educational experience. We need modified and
4 junior varsity sports offered to all Yonkers
5 students. We need prekindergarten supported
6 every year by state mandate, not just offered
7 when grant funding is available.

8 We are deficient with the current
9 resources provided to us, and yet our
10 district's enrollment continues to grow --
11 and mind you, the only one of the Big 5
12 outside of New York City that is growing. In
13 fact, in the last year, Yonkers public
14 schools have absorbed the needs of
15 122 additional students who were displaced
16 from other states or their native country due
17 to earthquakes, hurricanes, or other
18 life-threatening or life-altering events.
19 These students come traumatized by their
20 experience, and many have disabilities. And
21 most of the students from Puerto Rico and
22 Mexico are English language learners.

23 Our students, staff -- the
24 administration and students feel the stresses

1 do not receive the full amount of Foundation
2 Aid based on the 2007 formula. Foundation
3 Aid payable, which is what a district
4 actually receives, is less than the
5 Foundation Aid formula prescribed by the
6 legislation. Legislation has been introduced
7 each year to reduce the spread between the
8 formula and actual payable. But for Yonkers,
9 whose enrollment increases every year, these
10 annual fixes have not kept pace with the
11 shortfall, while other Big 4 cities outside
12 of New York City with stable or declining
13 enrollment do not face this problem.

14 Let me just illustrate this to you.
15 In 2015, the difference between the formula
16 and what Yonkers will actually get was
17 \$37 million. This year, that has grown to
18 \$43 million. The intention of the
19 legislation is to reduce the gap, but the
20 exact opposite is happening. In fact, had
21 the shortfall been reduced by the same
22 percentage in Yonkers as it has in other
23 districts since 2015, our schools would be
24 receiving \$14 million more just in this

1 budget.

2 So this year I have -- as I have done
3 in years past, I am asking for the
4 Legislature and the Governor to consider the
5 extraordinary needs of Yonkers' public
6 schools and provide our district with the
7 additional resources for our kids.

8 Also, the other thing that we've
9 talked about over the last couple of years is
10 our need to revisit the environment in which
11 our students learn. I've come here now three
12 years in a row to speak to you about the
13 physical conditions of our schools. I've
14 outlined for you the deplorable environments
15 in which many of our students are required to
16 learn in. I told you that our schools are
17 4,500 seats over capacity for a district of
18 27,000 students, that nine of our schools are
19 over 100 years old, that our children are
20 forced to learn in converted basements and
21 cafeterias, that many of our libraries no
22 longer function as they were intended to
23 because they are being used as classroom
24 space due to overcrowding.

1 Simply put, there continues to be a
2 capacity and infrastructure crisis in
3 Yonkers. And after many meetings with you,
4 your staff, the State Board of Education,
5 members of the administration, it's clear
6 that you realize the crisis. And last year
7 you passed the double MCA bill for the new
8 schools only in last year's legislative
9 session, along with the Yonkers Joint Schools
10 Construction Bill that you passed a year
11 before, and I appreciate it. But I have to
12 say it's still not enough.

13 The double MCA will only cover part of
14 the construction of the three new schools
15 we've outlined, and Yonkers taxpayers' share
16 remains at \$153 million. On top of that, no
17 law even comes close to addressing the other
18 38 schools that need to be rebuilt or
19 addresses the 15 percent overcapacity of our
20 schools and the deplorable conditions in
21 which our children have to learn. The bottom
22 line is that even with the new schools
23 legislation, Yonkers alone cannot afford to
24 rebuild these schools.

1 The New York State Legislature did the
2 right thing when they decided to start
3 rebuilding the schools of Buffalo, Rochester
4 and Syracuse, and we applaud that. We think
5 that's a good thing. They had desperate
6 needs, and the state rightfully supported
7 those needs. I know I may sound redundant,
8 but it's Yonkers' turn.

9 Yonkers receives just \$12.3 million in
10 school building aid. That comes out to about
11 \$462 per pupil, while our peer cities are
12 receiving anywhere between \$900 to \$3,000 per
13 student, depending on the district.
14 Meanwhile, Yonkers is the only district that
15 has seen increased enrollment, while other
16 big cities have remained flat or are
17 decreasing. Yonkers clearly is put at a
18 disadvantage.

19 It's also important to note that
20 Yonkers is at 92 percent of its
21 constitutional taxing authority, which means
22 that our taxpayers don't have the ability to
23 cover the debt to borrow for this type of
24 reconstruction.

1 While authorizing a School
2 Construction Board and the double MCA for
3 three new schools was very important in
4 assisting us in rebuilding our schools, it is
5 still completely inadequate considering the
6 overwhelming needs and the costs that are
7 required. I will be requesting an increase
8 in our aid ratio, from 70 to 98 percent.
9 This 98 percent ratio is the same ratio that
10 has been approved to our peer cities to help
11 upgrade their schools, and we applaud you for
12 doing this. And I'm just asking that you
13 consider this for Yonkers students as well.

14 We've touched upon the needs of our
15 schools, but we also must not neglect the
16 costs of running the largest city in the
17 Hudson Valley. Despite Yonkers' growing
18 economy and strong revenues, our budget grows
19 exponentially each year to pay for union
20 contracts, pensions and healthcare costs.
21 Yonkers' municipal budget in the fiscal year
22 2018-2019 will grow by \$19 million. That
23 growth does not consider any additional
24 personnel, any additional investments, or

1 addressing our aging infrastructure or even
2 any of our capital needs.

3 Additionally, workers' compensation,
4 employee and uniformed retirements are all up
5 100 percent in the last 10 years.
6 Seventy-five percent of our budget pays for
7 our workforce. We are happy to provide for
8 them, but we can't afford these costs and at
9 the same time stay under the tax cap. Our
10 only option will be to cut services, which
11 will have a negative impact on the quality of
12 life of our residents.

13 How do we address this? Well, it
14 starts with Aid to Municipalities. Over the
15 years, municipalities have taken a hit when
16 it comes to AIM funding. In the proposed
17 2019 Executive Budget, Yonkers is expected to
18 receive \$108.2 million in municipal aid --
19 the same amount received for the last eight
20 years.

21 Plus we must remember that the Yonkers
22 property taxpayers pay more in its
23 maintenance of effort for their local school
24 district as compared to other big cities. I

1 hate to pit us against other cities, I really
2 don't like to do that, but I just think that
3 just so you understand the numbers -- you
4 know, because you look and see Rochester is
5 very similar to Yonkers in terms of size and
6 enrollment.

7 So if you took -- just so you know,
8 Yonkers provides \$246 million to its school
9 district, that's our maintenance of effort.
10 Our three sister cities combined -- Buffalo,
11 Rochester, Syracuse combined -- contribute
12 \$255 million to their respective districts.
13 So imagine, Yonkers taxpayers nearly
14 contribute as much to the schools as three of
15 New York's big cities combined.

16 On top of Yonkers contributing more to
17 its schools, it is receiving less from
18 New York to help fund those schools as
19 compared to other cities. AIM, formerly
20 known as revenue sharing, was created by
21 New York State's Legislature to recognize
22 that the state has a partnership with its big
23 cities to address the unique needs of their
24 urban populations.

1 But if you look at just the last five
2 years, Yonkers taxpayers have sent New York
3 State an additional \$267 million via personal
4 income tax or sales tax. In fact, today
5 Yonkers sends close to 25 percent more to the
6 state than it did five years ago. And during
7 that time, AIM has remained flat.

8 And if you were to provide us just the
9 2 percent growth that you provide the state
10 budget, we should have received another
11 \$31 million in cumulative aid over the last
12 five years.

13 So over the last six years of my
14 administration, we have been frugal with our
15 spending. We've instituted hiring freezes,
16 we've increased revenues, we've merged
17 departments -- five different departments,
18 with the Board of Education, with your
19 help -- and we are narrowly approaching our
20 constitutional taxing limit. And I think
21 it's fair to say our taxpayers are at their
22 limits as well.

23 Ultimately, we are doing more with
24 less. I believe this year will be my most

1 challenging budget I've ever had as mayor of
2 Yonkers. In the face of flat AIM aid and the
3 rising cost that we are seeing, we really are
4 without options. So now it's time to
5 increase AIM funding and to revive the
6 partnership between the state and the cities.

7 You know, Yonkers has come a long way
8 in the last six years. Yonkers is a city on
9 the move. We are a city that people move to
10 rather than move from, with hundreds upon
11 hundreds of new homes under construction. We
12 are a city that is gaining jobs rather than
13 losing them, as nearly \$2 billion in private
14 investment has resulted in hundreds of new
15 permanent jobs.

16 With the help of our great Governor,
17 with the help of all of you in the
18 Legislature, we've improved the fiscal
19 outlook of our city, and today Yonkers' bond
20 ratings are the highest it's been in
21 generations. Graduation rates are up, crime
22 is down, and the people are starting to
23 change the way they view of our city.

24 I look forward to continuing to work

1 with you and the Governor as we try and shape
2 a budget that we hope will help address some
3 of the needs of ours and many of the other
4 big cities in New York.

5 Thank you.

6 SENATOR KRUEGER: Thank you.

7 Assembly first. Assemblymember
8 Shelley Mayer.

9 ASSEMBLYWOMAN MAYER: Thank you,
10 Mr. Mayor, and thank you for being here, of
11 course. And congratulations on the
12 significant improvement in graduation rates.
13 And overall in our schools, it's really a
14 great story.

15 I know Dr. Quezada was here last week,
16 and I recognized his -- it's slightly
17 different. But with respect to school aid,
18 do you know if there was a status quo budget
19 on the school side given the Governor's
20 anticipated -- what the Governor has in his
21 school aid run as proposed? What would be
22 the shortfall, from your perspective, from a
23 status quo budget on the school side for what
24 you need to continue next year?

1 MAYOR SPANO: We have John Liszewski,
2 who's the finance commissioner.

3 ASSEMBLYWOMAN MAYER: Yes, thank you,
4 John.

5 FINANCE CMR. LISZEWSKI: Good
6 afternoon, Assemblywoman.

7 MAYOR SPANO: Hi.

8 FINANCE CMR. LISZEWSKI: We're looking
9 now at about a \$40 million shortfall in our
10 status quo budget on the Board of Education
11 side.

12 ASSEMBLYWOMAN MAYER: Okay. I would
13 ask that -- I know Dr. Quezada came with the
14 beginnings of testimony, and I know the PTA
15 is coming next week. I think it's important
16 that we get the backup documents so we can
17 make the most compelling case for, as you've
18 argued, why we need more than the Governor
19 proposed, which of course we will push for.
20 But we need the documentation to show that
21 this shortfall is so significant.

22 FINANCE CMR. LISZEWSKI: Yeah.

23 ASSEMBLYWOMAN MAYER: So that would be
24 helpful.

1 FINANCE CMR. LISZEWSKI: We will
2 provide that for you.

3 ASSEMBLYWOMAN MAYER: Okay.

4 Secondly, on the issue of full-day
5 pre-K, which you highlight in your
6 testimony -- which I think you'll find strong
7 support here that there should be funding for
8 full-day pre-K throughout the state, and that
9 Yonkers should not be dependent on federal
10 grants one year and state grants another
11 year. Would you know the status of our
12 full-day pre-K funding for next year if we do
13 not get additional state aid?

14 FINANCE CMR. LISZEWSKI: We're in
15 jeopardy, Assemblywoman, for about
16 \$2.5 million.

17 ASSEMBLYWOMAN MAYER: That would be to
18 continue our existing full-day pre-K, which,
19 I believe, does not serve every child who
20 seeks it. We don't have the capacity to
21 serve every child, as I understand it.

22 FINANCE CMR. LISZEWSKI: That's
23 correct.

24 ASSEMBLYWOMAN MAYER: So 2.5 million.

1 Okay.

2 With respect to the rebuilding of
3 Yonkers schools -- and credit to you and my
4 colleagues and the Governor's office for
5 working with us on getting part one and two
6 done, which took a lot of work, as you
7 know -- I just wondered, what is your
8 intention with respect to the Joint School
9 Construction Board and the beginning of their
10 work? Because it will -- and I would
11 slightly disagree, I think it would allow
12 them to at least move forward on some of the
13 renovations to existing schools as well as
14 rebuilding the three new schools that are
15 anticipated.

16 MAYOR SPANO: Assemblywoman, I
17 actually think we do agree on this one. I
18 think that we do need to move forward with
19 it. I didn't move forward with it initially
20 because I wanted to make sure the Governor
21 was going to sign the double MCA bill.

22 ASSEMBLYWOMAN MAYER: Right.

23 MAYOR SPANO: So that held us up a
24 little bit. But I do agree that we have to

1 move forward with the building of those three
2 schools, because it's critically important to
3 deal with the infrastructure needs.

4 At the same time, we're going to have
5 to operate on a parallel course where we're
6 going to look to see if we can gain either
7 some federal grants or state grants, working
8 with the Governor's office to try and find
9 some additional shots in the arm -- maybe
10 even if it's a block grant, that will help
11 offset the local cost, the local cost of --
12 you know, that would be somewhere around
13 \$154 million.

14 ASSEMBLYWOMAN MAYER: Yeah, for the
15 city's share.

16 MAYOR SPANO: Yes. But every time we
17 raise -- every time we borrow \$30 million,
18 it's 1 percent of our property tax levy. So
19 as you can imagine, if we're at 92 percent of
20 our constitutional taxing limit and I haven't
21 even borrowed for -- to build a firehouse, to
22 purchase police cars or fire trucks or
23 anything else that we have in our needs, that
24 needs to be met -- we're rubbing up awful

1 close to that constitutional taxing limit.
2 And that's a scary place to be, so that
3 affects everything.

4 So yeah, we're going to -- but we are
5 going to operate, we're going to fill that
6 board very, very shortly. That board has a
7 tremendous -- as you know, it has a
8 tremendous amount of power.

9 ASSEMBLYWOMAN MAYER: Right.

10 MAYOR SPANO: And so we didn't want to
11 put it in place without really having
12 knowledge that we can move forward with a
13 plan.

14 Phase one, we can move forward with
15 it, but we're still going to need some
16 additional help. We're going to operate as
17 if we have it and then request it as we move
18 forward.

19 ASSEMBLYWOMAN MAYER: I understand
20 that. We'll have some offline
21 conversations --

22 MAYOR SPANO: Yeah.

23 ASSEMBLYWOMAN MAYER: -- I'm sure as
24 we move ahead.

1 Lastly, on your point on the municipal
2 budget, up by 19 percent -- I know I'm
3 running out of time, but just it would be
4 helpful if you could provide some of the
5 baseline numbers that drive up the increase
6 by that much without the additions, and I
7 appreciate that. But it would be useful for
8 us to see what are the drivers that do that,
9 as you know --

10 MAYOR SPANO: Absolutely.

11 ASSEMBLYWOMAN MAYER: Certainly in the
12 Assembly we have supported increases in AIM,
13 and I'm sure we will continue to do so in our
14 one-house. We're going to need the Governor
15 to come along.

16 MAYOR SPANO: If I might -- indulgence
17 for your time -- when we came on board, we
18 had a lot of contracts for a couple years
19 out, three, four years out. And eventually
20 it became they were, you know, seven years
21 out.

22 In an effort to keep our contracts as
23 affordable as possible, we asked for some
24 concessions from the unions. They gave us

1 some, they did. I mean, they gave us greater
2 payments into their health insurance, at
3 least for newbies. But the one thing they
4 gave us which was really important was zeroes
5 up front. Those three or four zeroes up
6 front saved the local taxpayer about
7 \$150 million. And so that's \$150 million we
8 never could have afforded. And so -- but in
9 getting those zeroes on the back end -- or on
10 the front end -- on the back end, you know,
11 we're sitting at 4 and 5 percent.

12 On budgets that are 10-year budgets,
13 10-year contracts, about 2 percent, right?
14 So now we're at this point, what we have to
15 pay moving forward. That's why we're seeing
16 this increase. And I don't really have the
17 ability to go back to the taxpayers, because
18 we frankly -- we've raised about every tax we
19 can raise. And there's nothing more I can
20 really get from the taxpayer except to come
21 back with a budget that's going to have cuts.

22 The cuts will not be to -- at least I
23 don't believe that we'll see significant cuts
24 in education, because we'll continue our

1 maintenance of effort, as we should. But on
2 the municipal side, you know, we'll have to
3 look at every avenue that we do, whether it
4 be police, fire, sanitation, parks and what
5 have you, trying to make ends meet.

6 I'm not asking -- I know we'll have to
7 make cuts no matter what. But whatever
8 dollars we can get from the Legislature will
9 really help us mitigate those cuts so that
10 they're not as devastating as we -- you know,
11 we don't want them obviously to really affect
12 the quality of life of the people that are in
13 our city.

14 ASSEMBLYWOMAN MAYER: Thank you.
15 Thank you very much, Mr. Mayor. Thank you
16 all.

17 SENATOR YOUNG: Thank you.

18 Our next speaker is Senator
19 Stewart-Cousins.

20 SENATOR STEWART-COUSINS: Good
21 afternoon, Mayor.

22 MAYOR SPANO: Hi, Senator.

23 SENATOR STEWART-COUSINS: It's good to
24 see you here.

1 I guess just to follow up again,
2 congratulations on the good work and the
3 progress that is happening within the school
4 district. Superintendent Quezada was here
5 last week and certainly touted some of the
6 numbers, et cetera.

7 Assemblymember Mayer asked a couple of
8 questions that I wanted to ask, but I did
9 want to reiterate to you how supportive
10 certainly the Democratic Conference is as it
11 relates to AIM funding, because we had called
12 for doubling AIM funding in the last budget
13 because we know how important it is for
14 municipalities to receive additional funding,
15 especially as we are trying to make sure that
16 the tax cap is adhered to. Additional
17 resources would be helpful, so we will
18 continue to push in that regard.

19 I know that in the Governor's last
20 budget there was a countywide shared services
21 panel, and I know that you participated in
22 that. Was there any benefit to that?

23 MAYOR SPANO: You know, I'm glad you
24 brought that up. In the shared services at

1 least proposal -- and at least -- it's good.
2 It's a solid effort, it's something that we
3 should be doing.

4 The problem we have is that when
5 you're a big city like Yonkers -- like for
6 instance, the e911 system and the dispatch
7 system, we would work this out with the
8 county tomorrow if we could. But we have
9 10 employees. I don't think that they have
10 anywhere near that. You know, so it's not
11 really -- so it's a merger. It's us asking
12 Westchester County to take on a project
13 that's kind of bigger than what they
14 currently do, and then the infrastructure
15 that goes with it.

16 The infrastructure that we have
17 invested in over the last couple of years,
18 just in the time that I've been here, to keep
19 the dispatch system and our 911 system up and
20 operational -- and frankly, it's gone down a
21 few times -- is in the millions.

22 I know that Westchester County, for
23 instance, gets the e911 money. We don't get
24 any of that. But it goes to Westchester,

1 is right. If we get to the low-hanging
2 fruit, we get to the places that maybe
3 aren't -- don't scream at you as much, even
4 in terms of DPW pickups, then I think that we
5 can start a process that will have a
6 long-term benefit for us.

7 The county proposal was a great start.
8 I think that there's a lot of work to do
9 there, I think that there's still yet a lot
10 of communication that needs to happen, and I
11 think a lot of -- frankly, I think a lot of
12 people are still a little nervous about it
13 because they don't want to give up their own
14 identity.

15 But it's the only way we're going to
16 be able to solve budget problems in our
17 future, because Yonkers just cannot afford to
18 sustain what it has. And unless I come up
19 with either additional revenues or you give
20 us additional revenues, if I don't get one of
21 those two, then I have to make cuts. And so
22 I think this is a smart direction to head in.

23 SENATOR STEWART-COUSINS: Great.

24 Just going back to the deficit and the

1 Board of Education. So I think
2 Superintendent Quezada was saying it was
3 about 46 or 48 million, you're saying around
4 40. So obviously it's important to, you
5 know, figure out what it is and the --

6 MAYOR SPANO: Right. Well,
7 considering we have one finance department
8 now.

9 SENATOR STEWART-COUSINS: Yeah. There
10 are already different numbers, and the thing
11 that -- and again, I'm not suggesting that it
12 isn't still a huge issue, but I think that a
13 lot of what Superintendent Quezada was
14 speaking about related to the formula as it
15 would have been before it was negated back in
16 2009. So I think our school district, as so
17 many school districts, had the formula
18 continued the way it was put in place in
19 2007, there would have been this additional
20 \$40 million.

21 MAYOR SPANO: \$43 million.

22 SENATOR STEWART-COUSINS: So I'm
23 thinking that's probably part of the
24 conversation.

1 Again, we are certainly and always
2 continue to be supportive of, you know, what
3 we're doing in our school districts and
4 school districts all over that are really
5 trying to meet the needs and trying to, as
6 Yonkers is doing -- you know, has an
7 extremely diverse population -- and trying to
8 highlight the opportunities that we have to
9 make sure our kids get the education they
10 need if only the resources were there.

11 So, you know, again, if we get the
12 documents, if we agree on a number, and if we
13 all know that we will continue to fight,
14 hopefully we will be able to bridge those
15 gaps.

16 MAYOR SPANO: I know JJ's our acting
17 budget director, he said that it's
18 \$46 million.

19 SENATOR STEWART-COUSINS: Forty-six is
20 the -- yeah, that was the number.

21 Okay. So we'll get the documents for
22 that, then. Okay, thank you.

23 MAYOR SPANO: Thank you, Senator.

24 CHAIRWOMAN WEINSTEIN: Assemblyman

1 Benedetto.

2 ASSEMBLYMAN BENEDETTO: Good
3 afternoon, Mayor. Thanks for coming. Always
4 good to see you.

5 MAYOR SPANO: Assemblyman.

6 ASSEMBLYMAN BENEDETTO: I spent a
7 little bit of time with Mayor DeBlasio
8 talking about design-build, saving the city
9 taxpayers a lot of money by employing that
10 process.

11 The City of Yonkers, number one, do
12 you have the authority to enter into
13 contracts to do a design-build?

14 FINANCE CMR. LISZEWSKI: We do have
15 the authority to do that, but because of the
16 Fiscal Agent Act of 1976, Yonkers is unique
17 in the way that it does have to do their
18 construction. We have to have the money in
19 place before we could start the design-build
20 phase of construction.

21 So it's a little bit different, and it
22 goes back to that Fiscal Agent Act of '76.

23 ASSEMBLYMAN BENEDETTO: Do you ever
24 have enough money to do design-build, then?

1 FINANCE CMR. LISZEWSKI: We never have
2 enough money, Assemblyman.

3 ASSEMBLYMAN BENEDETTO: Okay. So you
4 don't have the ability to do it.

5 Okay, that's interesting. Because
6 gee, maybe some adjustment should be made in
7 that to give you that, since it's such a
8 wonderful money-saving device.

9 MAYOR SPANO: Yeah, one of the
10 wonderful I guess legacies of me having a
11 control board back in the '70s was that we
12 were held to general accounting principles.
13 New York itself is not held to general
14 accounting principles, but we are, and it's
15 in our bond covenants.

16 And that has -- it's good, I guess,
17 for the taxpayers; of course it holds us to a
18 higher standard. But we don't have the same
19 flexibility as most other communities do.
20 And that is -- it just makes our jobs that
21 much more difficult.

22 ASSEMBLYMAN BENEDETTO: I understand.

23 MAYOR SPANO: Okay.

24 ASSEMBLYMAN BENEDETTO: Thank you.

1 CHAIRWOMAN WEINSTEIN: Assemblyman
2 Magnarelli.

3 ASSEMBLYMAN MAGNARELLI: Always good
4 to see you, Mayor.

5 MAYOR SPANO: Always good to see you,
6 Assemblyman.

7 ASSEMBLYMAN MAGNARELLI: Again, I'm
8 just asking the same types of questions I've
9 asked earlier today.

10 You touched on shared services and the
11 ability of Yonkers and Westchester to come
12 together, and it sounds to me as if there's
13 possibilities but they're in the future. And
14 you don't -- so how do you feel about the
15 Governor's proposal? I mean, he's put it in
16 the budget last year, called everybody
17 together -- did you do that? Did you all --

18 MAYOR SPANO: We did. And I think
19 that's a good idea. I think that was one of
20 probably one of the best things anybody's
21 ever done, was to force everyone together.

22 You know, when you're talking about a
23 county like Westchester, where you have
24 very -- you have some very affluent,

1 influential communities that have very
2 distinct personalities, and -- like distinct
3 and very -- I'm trying to think of the right
4 word. But they like their identity. And,
5 you know, when you start to merge certain
6 departments, identity starts to go away,
7 right?

8 ASSEMBLYMAN MAGNARELLI: You know, if
9 you are similar in a lot of places.

10 MAYOR SPANO: Yeah. Yeah, right. I
11 would imagine you have that same thing.

12 But like I said before, it's not
13 impossible. Listen, we did it. We were kind
14 of forced to do it with the Board of
15 Education. We had a lot of people, even in
16 our own city, who said no, no, no, you
17 shouldn't merge the finance departments, you
18 shouldn't merge human resources, you
19 shouldn't merge legal, you shouldn't merge
20 some of the other areas. But we did it. And
21 it saved us \$10 million annually. And it was
22 a good thing for the city moving forward.

23 ASSEMBLYMAN MAGNARELLI: So you think
24 it's a good idea to have in the budget,

1 continue to do that on an annual basis?

2 MAYOR SPANO: Absolutely. It's a
3 discussion that must continue. It takes a
4 lot of guts to have this discussion, but it's
5 something that has to continue. We can be
6 very helpful because we're the big dog in the
7 county, so we could be very helpful in this
8 matter.

9 I didn't feel that we had the same
10 type of cooperation with the previous
11 administration that we'll have with this one,
12 but that remains to be seen.

13 ASSEMBLYMAN MAGNARELLI: There's this
14 proposal in the budget about fiber optic
15 wireless facilities and turning that over to
16 the state for basically licensing purposes,
17 and I just want your take on that.

18 MAYOR SPANO: Yeah, I don't really
19 have a take right now. I'm still trying to
20 figure out what it all means to us. I know
21 that we have -- I know that we get a lot of
22 money from this area, but what's it really
23 mean to us? I'm really not sure yet. But I
24 will get back to you at a time with just --

1 with our opinion --

2 ASSEMBLYMAN MAGNARELLI: Okay.

3 MAYOR SPANO: As soon as we can talk
4 with our finance people.

5 ASSEMBLYMAN MAGNARELLI: Fair enough.

6 Good to see you. Thank you.

7 MAYOR SPANO: Thank you.

8 CHAIRWOMAN WEINSTEIN: Thank you.

9 Thank you for being here, sorry I had to --

10 MAYOR SPANO: Thank you, Chairwoman
11 Weinstein. Congratulations, by the way.

12 CHAIRWOMAN WEINSTEIN: Thank you.

13 Sorry, we had a Ways and Means Committee
14 meeting, but I'll be sure to read up on your
15 remarks.

16 MAYOR SPANO: Thank you very much.

17 CHAIRWOMAN YOUNG: Thank you, Mayor,
18 for being here.

19 MAYOR SPANO: Nice to see you.

20 CHAIRWOMAN YOUNG: We truly, truly
21 appreciate it.

22 CHAIRWOMAN WEINSTEIN: Thank you.

23 Next we have Ben Walsh, the mayor of
24 the City of Syracuse.

1 MAYOR WALSH: Good afternoon.

2 CHAIRWOMAN WEINSTEIN: Good afternoon.

3 CHAIRWOMAN YOUNG: Good afternoon.

4 MAYOR WALSH: Ready?

5 Well, again, good afternoon. Thank
6 you, Chair Young, Chair Weinstein, members of
7 the legislative fiscal committees for
8 inviting me to these joint hearings to
9 discuss the 2018 New York State Budget.

10 Also hello to my friend Assemblyman
11 Magnarelli. Good to see you again.

12 ASSEMBLYMAN MAGNARELLI: Good to see
13 you, Mayor.

14 MAYOR WALSH: My name is Ben Walsh. I
15 am the new mayor of the City of Syracuse. I
16 am grateful for this opportunity to speak
17 with you today on behalf of the people of my
18 city.

19 I am also appreciative of the ongoing
20 support Syracuse receives from the State of
21 New York and the Legislature. I look forward
22 to building on past cooperation and creating
23 strong partnerships with our state partners
24 as my administration puts in motion the

1 necessary policies to move our community
2 forward.

3 Like many other mayors across
4 New York, some of whom you've heard from
5 today, I delivered my State of the City
6 address last week and I outlined a series of
7 initiatives that will strengthen the City of
8 Syracuse. Fundamentally, the people of the
9 City of Syracuse must feel safe and secure,
10 which is why I affirmed my commitment to
11 ensuring our police and fire departments have
12 the resources they deserve.

13 We must have infrastructure that is
14 reliable, which is why we are investing in
15 innovation while also maximizing capital for
16 long overdue maintenance and upgrades. We
17 must make sure that everyone in our city has
18 access to quality education and the
19 opportunity to participate in economic growth
20 and prosperity, especially in those
21 initiatives originating in the public sector.

22 I also talked about how the
23 transformational opportunity Syracuse has in
24 the coming years surrounding the I-81 viaduct

1 project being led by the New York State
2 Department of Transportation. As I continue
3 to advocate passionately for the removal of
4 the viaduct in favor of the community grid
5 option, we have begun the process of engaging
6 our partners in an effort to connect this
7 multi-billion-dollar project with
8 job-readiness education programs, along with
9 redevelopment strategies that will reunite
10 and reinvigorate our city and the region in
11 ways not seen since the Erie Canal.

12 I am here today to ask for your
13 continued support as we embark on a journey
14 to lead our city into its next great era.

15 Syracuse has faced consistent budget
16 deficits in recent years and has relied on
17 its fund balance to close the gap each year.
18 Continuing on this path could lead to
19 insolvency in a little more than two years.
20 Broadly, there are three reasons for this.
21 It's a story facing many other cities like
22 Syracuse across the state and throughout the
23 country -- again, as you've heard in previous
24 testimonies today.

1 First, the city's ongoing revenue base
2 is stagnant. We have not experienced growth.
3 Next, the city's second largest revenue
4 source -- state Aid and Incentive for
5 Municipalities, or AIM -- which is
6 \$71.8 million, has not increased since 2010.
7 Based on the inflation rate in the same time
8 period, city costs have gone up about
9 12 percent. We appreciate the Governor and
10 the Legislature keeping AIM steady in recent
11 years, but the challenge remains. And third,
12 the major areas of cost the city incurs are
13 very difficult to control. Labor costs,
14 health care, pensions, utilities, waste and
15 trash fees, all continue to go up.

16 When you look ahead, the prospect is
17 daunting. Syracuse is at a crossroads, and I
18 am choosing the direction of cooperation and
19 partnership to find solutions to the
20 challenges we face. Of course, we will do
21 our part. My administration is working with
22 our state, county, and local partners to seek
23 cost-cutting shared-service opportunities.
24 We will work with our partners in labor to

1 find ways to save money and slow the growth
2 of costs in our union contracts.

3 I have convened a Fiscal Summit
4 Advisory Committee, in partnership with
5 faculty at the Maxwell School at Syracuse
6 University, my alma mater. We will bring the
7 best minds and ideas to the table to attack
8 our fiscal woes. And we are working very
9 hard to make Syracuse an even more attractive
10 place to do business, so that we can generate
11 growth for greater city revenue and for
12 prosperity for all in our city and our
13 region.

14 I am here today because Syracuse needs
15 your help. More than ever before, we need
16 our partners in state government to stand by
17 our side. I ask that you consider an
18 increase in AIM this year, with a goal of
19 returning to 2009 levels over the next few
20 years. That would mean about \$13 million
21 more for the City of Syracuse as we work to
22 stabilize our fiscal shortfalls and provide
23 the core services our community needs.

24 As we attempt to grow our way out of

1 our fiscal challenges in the long run, one of
2 the most effective state programs in
3 supporting economic development in recent
4 years has been the New York State Historic
5 Tax Credit Program. When combined with the
6 federal tax credit, the state program has
7 supported some of Syracuse's most
8 transformational redevelopment projects,
9 including, most recently, the historic Hotel
10 Syracuse.

11 I ask that you reauthorize and extend
12 the program through December 31, 2024, and
13 decouple it from the federal program to
14 ensure maximum predictability and flexibility
15 going forward.

16 We all are aware of the opioid
17 epidemic across our country, and Central
18 New York and Syracuse are not immune to this
19 trend. The Syracuse area has the highest
20 rate of opioid overdose deaths in the
21 six-county Central New York region, with more
22 than 27 deaths per 100,000 population.

23 Onondaga County ranks third in the
24 state for newborn drug-related-diagnosis

1 rate. Our police, fire, and paramedics stand
2 on the front lines battling this epidemic,
3 and our schools, hospitals, and nonprofit
4 organizations see the tragic results of this
5 scourge on our community every day. I
6 support the effort put forth in this budget
7 to institute a surcharge on opioid
8 prescription drugs, making that revenue
9 available to fight the epidemic.

10 I also ask that you consider sharing a
11 portion of the opioid epidemic surcharge with
12 local municipalities. Revenue from this
13 surcharge would help to offset the costs our
14 city incurs everyday as we fight for the
15 lives of our citizens and their well-being.

16 Before closing, I would also like to
17 take this opportunity to express my support
18 for NYCOM's 2018 legislative priorities which
19 include but are not limited to the following.

20 The property tax cap, as we've heard
21 about today, should be a true 2 percent cap,
22 as opposed to being tied to inflation. It
23 should not include public infrastructure
24 expenditures, and it should not include

1 Business Improvement District special
2 assessments.

3 We also call on the state to increase
4 state funding for water and sewer
5 infrastructure.

6 We call for an increase in state
7 funding for local highways through the
8 consolidated highway improvement program, or
9 CHIPS. Also PAVE-NY, BRIDGE-NY, and the
10 Extreme Winter Recovery programs.

11 Finally, we call to allow local
12 governments to initiate legal proceedings to
13 force mortgage holders to complete the
14 foreclosure process or release their mortgage
15 rights for abandoned properties, also known
16 as zombie properties.

17 In closing, the City of Syracuse is in
18 a precarious situation with looming deficits
19 and stagnant revenues, but as I said at my
20 inauguration, the outcome is not
21 predetermined. We will change course and
22 work to put the city on a healthy fiscal
23 path, but we need your help.

24 I look forward to working with all of

1 you to ensure the City of Syracuse and the
2 State of New York's best days are still ahead
3 of us. Thank you very much.

4 Questions?

5 CHAIRWOMAN WEINSTEIN: Thank you.

6 Mr. Magnarelli.

7 ASSEMBLYMAN MAGNARELLI: Well, first
8 of all, Mayor, I want to welcome you for the
9 first time here and thank you very much for
10 taking the time out and coming to talk to us,
11 okay?

12 MAYOR WALSH: Thanks for having me.

13 ASSEMBLYMAN MAGNARELLI: I know that
14 you're in your first -- probably first
15 30 days yet, right?

16 MAYOR WALSH: It's -- top.

17 ASSEMBLYMAN MAGNARELLI: Okay. And
18 what we've heard all today is basically the
19 plight of cities.

20 MAYOR WALSH: Right.

21 ASSEMBLYMAN MAGNARELLI: And the
22 amounts of monies that are needed. Just for
23 the sake of discussion here, how much of the
24 city's properties are exempt?

1 MAYOR WALSH: Just about 50 percent of
2 the total taxable property is exempt.

3 ASSEMBLYMAN MAGNARELLI: I think what
4 people especially here that are listening to
5 this have to understand is that our cities,
6 because of what they are, are older cities.
7 They have the hospitals, the museums, the
8 libraries -- those are located within our
9 cities. And all of those things are exempt.

10 MAYOR WALSH: That's right.

11 ASSEMBLYMAN MAGNARELLI: And so
12 whether it be Albany, Rochester, or Buffalo,
13 we're going to find that a great deal of
14 those cities -- half the properties are
15 exempt.

16 MAYOR WALSH: Thank you for pointing
17 that out.

18 ASSEMBLYMAN MAGNARELLI: The other --
19 well, I'm just trying to kind of pull things
20 together here, because I don't want to pit
21 one of these cities against the other.

22 MAYOR WALSH: Yeah.

23 ASSEMBLYMAN MAGNARELLI: Because I
24 think all of them are in the same boat, so to

1 speak.

2 MAYOR WALSH: Agreed.

3 ASSEMBLYMAN MAGNARELLI: All right.

4 The other problem is, and I think Mayor
5 Sheehan and Mayor Warren both mentioned it,
6 you know, their tax bases are poor. And so
7 that the idea of raising taxes, even if they
8 could, because -- you're reaching your tax
9 limit, am I correct?

10 MAYOR WALSH: Correct.

11 ASSEMBLYMAN MAGNARELLI: You're
12 reaching your debt limit, too.

13 MAYOR WALSH: Right.

14 ASSEMBLYMAN MAGNARELLI: So in other
15 words, you can't tax, you can't borrow --
16 where are you going?

17 All right, so listen. I understand --
18 now I'll get into my usual questions, okay?

19 MAYOR WALSH: Sure.

20 ASSEMBLYMAN MAGNARELLI: Because I
21 think the Governor has a good idea too. I
22 think it's imperative that municipalities
23 start working together to get through these
24 problems. So even though you weren't mayor

1 last year, okay, do you feel that the
2 Governor's proposals to sit down on a yearly
3 basis, to sit with the municipalities in
4 Onondaga County and work out whatever you can
5 do for shared services is a good idea or a
6 bad idea?

7 MAYOR WALSH: It's a good idea.

8 I'd be remiss if I didn't acknowledge
9 my colleague Bob Andrews here, who's our
10 director of intergovernmental affairs -- and
11 shared services. We added that on to his
12 title.

13 It's something we take very seriously,
14 and we've already met with county
15 representatives about a dozen times in the
16 first month.

17 ASSEMBLYMAN MAGNARELLI: So that
18 that's a good thing, it's something that we
19 should keep in the budget --

20 MAYOR WALSH: Yes.

21 ASSEMBLYMAN MAGNARELLI: -- on top of
22 asking for more AIM, on top of asking -- by
23 the way, you know, we just heard the mayor of
24 Yonkers, and you should go back and see if

1 you can get double MCAs too for our schools.

2 MAYOR WALSH: We'll be back for
3 Phase 3 with that very request.

4 ASSEMBLYMAN MAGNARELLI: That, that --
5 forget Phase 3. I'm talking about Phase 2.

6 MAYOR WALSH: Okay.

7 ASSEMBLYMAN MAGNARELLI: What do you
8 think the barriers to shared services are in
9 Onondaga County?

10 MAYOR WALSH: I think it's a matter
11 of -- we're really just beginning those
12 conversations. I think communication and
13 dialogue will remove many of the barriers,
14 but ultimately for those costs that we are
15 looking to shift from the City of Syracuse to
16 either Onondaga County or other
17 municipalities, ultimately those are costs
18 that are going to be incurred by those
19 municipalities.

20 They have to be accounted for, whether
21 it's through payment by the city or -- it was
22 brought up earlier that the matching
23 component of the state's initial program was
24 helpful in that regard. But ultimately,

1 it's -- again, for us, it's still early.

2 So we're going to put it all on the
3 table, figure out where we think we can
4 identify opportunities, and we'll pursue
5 them. So we can get back to you with more
6 specific feedback on that.

7 ASSEMBLYMAN MAGNARELLI: The last
8 thing I wanted to ask you about, and I think
9 we touched upon it last week just a little
10 bit -- I don't know if you had a chance to
11 look into it. But the fiber optic wireless
12 facilities proposal that the Governor has,
13 how does that affect Syracuse?

14 MAYOR WALSH: Yeah, we are still
15 figuring it out. I actually left -- when I
16 left Syracuse today, our deputy mayor, Sharon
17 Owens, was sitting down with corporation
18 counsel to go through it. We do have
19 concerns.

20 You know, it is a revenue-generating
21 opportunity, but we're still getting our head
22 around it. So we'll get back to you with
23 some more specific feedback.

24 ASSEMBLYMAN MAGNARELLI: All right.

1 Well, thank you, and good luck to you.

2 MAYOR WALSH: Thank you.

3 CHAIRWOMAN YOUNG: Thank you.

4 Senator Savino.

5 SENATOR SAVINO: Thank you, Senator
6 Young.

7 Welcome, Mayor Walsh.

8 Congratulations.

9 I just want to focus on one piece in
10 your testimony, because you're the only one
11 who mentioned it. Twenty-eight years ago I
12 started as a caseworker in the city's child
13 welfare system, the last time we were in the
14 midst of a terrible drug crisis in the state.
15 Then it was crack, now it's opioids.

16 One of the things we saw back then,
17 though, was the number of children who were
18 born with a positive toxicity to the cocaine
19 or other drugs in utero, and it led to an
20 explosion of the foster care system, not just
21 in the City of New York but statewide.

22 We're not seeing the same thing now
23 with this crisis, and I've asked repeatedly
24 of OCFS and localities: Are we seeing an

1 uptick in the number of positive-tox births?
2 And you actually referenced it, you have that
3 sentence which says Onondaga County rates
4 third in the state for newborn drug-related-
5 diagnosis rates. So somebody's tracking it,
6 in spite of me being told over and over that
7 there's no uptick in the number of calls to
8 the state's central registry.

9 Are you seeing an increase also in
10 those infants and their mothers being brought
11 through the family court system, an uptick in
12 foster care in Onondaga or in Syracuse?

13 MAYOR WALSH: I don't know the answer
14 to that, but I can certainly find out.

15 SENATOR SAVINO: I would be
16 interested, because it just seems to me -- it
17 strikes me as odd that it's not happening --

18 MAYOR WALSH: Yeah.

19 SENATOR SAVINO: -- with the number of
20 overdoses, the number of emergency room
21 visits for people. And it just seems to be a
22 completely different type of drug crisis, and
23 I'm puzzled as to why it is. And I'm just
24 curious to whether or not people are calling

1 in these cases at the rate that they probably
2 should. Obviously we don't want to take
3 children away from their parents
4 unnecessarily, but there should be some
5 intervention, particularly preventive
6 services if nothing else.

7 So I'd appreciate if you could get
8 back to me --

9 MAYOR WALSH: Absolutely.

10 SENATOR SAVINO: -- about your
11 experience in Syracuse.

12 And I'm going to ask again tomorrow
13 when Sheila Poole is here from the Office of
14 Children and Family Services.

15 MAYOR WALSH: Very good question.

16 SENATOR SAVINO: Thank you.

17 MAYOR WALSH: We'll get back to you.

18 CHAIRWOMAN WEINSTEIN: Thank you very
19 much, Mayor --

20 CHAIRWOMAN YOUNG: I do have --

21 CHAIRWOMAN WEINSTEIN: Oh, I'm sorry.
22 Senator Young.

23 CHAIRWOMAN YOUNG: I was just going
24 last.

1 So welcome, Mayor. Congratulations on
2 your new post.

3 MAYOR WALSH: Thank you.

4 CHAIRWOMAN YOUNG: And how is your dad
5 doing?

6 MAYOR WALSH: He's doing great.

7 CHAIRWOMAN YOUNG: Is he? Good.

8 MAYOR WALSH: He's only giving me
9 advice when I ask for it, thankfully.

10 (Laughter.)

11 CHAIRWOMAN YOUNG: Well, that's good
12 to know.

13 Just to follow up on Senator Savino's
14 point, the Department of Health is keeping
15 those statistics on infants being born to --
16 that are addicted to opioids, and Chautauqua
17 County, unfortunately, is very high on the
18 list too. So I understand exactly what
19 you're talking about.

20 And those are only the infants that we
21 know about.

22 MAYOR WALSH: Right.

23 CHAIRWOMAN YOUNG: And oftentimes what
24 happens is infants -- for example, the

1 mother's addicted to heroin, infants are born
2 in the hospital, but they're sent home
3 because they don't display withdrawal
4 symptoms until a couple of days after they go
5 home. Which is very dangerous for the
6 infants, because you have this combination of
7 a mother addicted to drugs, you have a
8 screaming baby that actually could die going
9 through withdrawal.

10 So some of the legislation that I've
11 sponsored has to do with the testing of
12 newborns. We test them for 40 other things,
13 and I believe that it would be a good
14 intervention to get families into services
15 earlier, detect any medical issue that a baby
16 may be going through -- and not to have in
17 mind prosecution, but it's intervention,
18 really.

19 I wanted to get your thoughts about
20 that. I know it's new -- it's something new
21 that I just brought up. But what would your
22 thoughts be on such a program?

23 MAYOR WALSH: I think it's a great
24 idea, and I would be happy to lend my support

1 to your efforts.

2 I appreciate it, Senator.

3 CHAIRWOMAN YOUNG: Okay, thank you.

4 Thank you.

5 Well, again, good luck with everything
6 that you're doing.

7 MAYOR WALSH: Thank you.

8 CHAIRWOMAN YOUNG: And we wish you
9 well, and we appreciate you coming today.

10 MAYOR WALSH: Thank you.

11 CHAIRWOMAN WEINSTEIN: Thank you for
12 being here.

13 And we've been joined by Steve Otis
14 and Carrie Woerner. Did either of you have a
15 question? Okay.

16 Thank you so much, Mayor.

17 MAYOR WALSH: Thank you.

18 CHAIRWOMAN YOUNG: Thank you.

19 CHAIRWOMAN WEINSTEIN: Next we have
20 Corey Johnson, speaker of the New York City
21 Council.

22 Hi.

23 NYC COUNCIL SPEAKER JOHNSON: Hi.

24 CHAIRWOMAN WEINSTEIN:

1 Congratulations.

2 NYC COUNCIL SPEAKER JOHNSON: Thank
3 you very much.

4 Good afternoon, Chair Young --
5 congratulations, Chair Weinstein -- and
6 members of the Finance and Ways and Means
7 Committees. I'm Corey Johnson, the newly
8 elected speaker of the New York City Council,
9 and it is an honor to be in our state's
10 capitol to discuss Governor Cuomo's Executive
11 Budget for the state fiscal year 2018-2019.

12 Since I am new to my office, let me
13 tell you just a little bit about myself. I
14 came to New York at the age of 19 carrying
15 two suitcases and knowing two people, and
16 from the moment I arrived in our great city,
17 I knew that I belonged. I was able to find a
18 cheap place to live until I got on my feet
19 and found my first job. And for me, New York
20 City is a place where a 19-year-old can
21 arrive on a wing and on a prayer and on a
22 dream, and hopefully still make it.

23 I did not come from a rich family. My
24 mother, Ann, was my lunch lady at my local

1 school, and cleaned houses on nights and
2 weekends to make ends meet. I was lucky,
3 there were 12 units of public housing in the
4 town that I grew up in, and we lived in one
5 of those 12 units of public housing. So I
6 know that the social safety net works. It
7 lifts up families, and it was a major
8 influence in getting me to where I am today.

9 I am a progressive. That is no
10 secret. However, I did not seek office to
11 indulge in polarization or political games.
12 I took office to get things done, and I look
13 forward to working pragmatically with the
14 Governor and with both houses of the
15 Legislature in service to the people of my
16 city and this great state.

17 Let me begin with our assessment of
18 the total potential risk of the proposed
19 state budget on New York City. Our tally
20 stands at \$750 million. That is a
21 significant reduction in state spending, and
22 it impacts predominately education and social
23 services. My testimony today will highlight
24 proposals in these areas that I think will

1 have the most negative impact on New York
2 City residents and could set our city back
3 profoundly.

4 As an elected official for the past
5 four years, and now as City Council speaker,
6 I know how well the city and state have
7 worked together in the past. Through the
8 city's lobbying efforts and through
9 constructive dialogue, we have achieved great
10 things. For example, last year the age of
11 criminal responsibility was raised to 17
12 starting in October, and 18 the following
13 October. This was a major priority of the
14 City Council, and we were pleased to see it
15 enacted.

16 Additionally, constructive dialogue
17 ultimately stopped proposed reductions to the
18 general public health work reimbursements to
19 local health departments that provide core
20 public health services to vulnerable
21 populations. Public health, as you may know,
22 is a key area of concern for me, and an area
23 I have promised to give my undivided
24 attention to. I am HIV-positive. I am the

1 only openly HIV-positive elected official in
2 the State of New York.

3 Lastly, we were thrilled to see the
4 Excelsior Scholarship program established, a
5 first-in-the-nation program to increase
6 college access for thousands of students
7 across New York.

8 And we know that we can reach mutually
9 positive agreements and make changes for the
10 better through the budget process, and that's
11 why I'm here.

12 With respect to the MTA, fixing the
13 subways is the greatest infrastructure
14 challenge that New York City faces today.
15 Make no mistake that the subway is the
16 lifeblood of our economy, and failure to
17 address this crisis will be disastrous. It
18 could be our undoing.

19 First, I'd like to thank the Governor
20 for including funding in his budget that
21 covers half of the cost of Phase 1 of the
22 Subway Action Plan. While I agree that New
23 York City residents benefit greatly from the
24 subway system, we are far from its sole

1 beneficiaries. Tri-state residents from all
2 over the transit region use the subway when
3 they come to our city for work or for play.
4 Given the significant contribution the City
5 of New York and its residents already make to
6 the transit system, I strongly urge the state
7 to provide additional funding for the Subway
8 Action Plan in its final budget.

9 With that said, any new funding stream
10 must go directly to the MTA and must be spent
11 efficiently, with clear timelines and
12 appropriate oversight. We need new, smart,
13 sustainable revenue streams to fully fund the
14 MTA's needs into the future. One piece of
15 that puzzle is congestion pricing. We need
16 congestion pricing this year, this session.

17 Unfortunately, there are two proposals
18 in the Executive Budget to finance the MTA
19 that are not helpful. One requires New York
20 City to make emergency appropriations to the
21 MTA at the Governor's direction, and asks the
22 city to fully fund the capital program of the
23 New York City Transit Authority. The second
24 proposes to fund the MTA through the capture

1 of part of the property taxes in Midtown and
2 the Upper East Side of Manhattan. Nice
3 neighborhoods certainly, Senator Krueger, but
4 they are not the only ones that benefit by
5 projects like the creation of a new tunnel
6 for the Long Island Railroad. The MTA is a
7 regional agency that benefits areas far up
8 into the Hudson River Valley as well as out
9 east on Long Island.

10 While the city is trying to address
11 its historically large capital needs through
12 the New York City capital budget, let me
13 address design-build. During last year's
14 state budget process, use of the design-build
15 procurement method was authorized for
16 counties outside of the five boroughs of
17 New York City. I heard the mayor of Yonkers
18 answer a question from Assemblyman Benedetto.
19 New York City faces soaring construction
20 costs for its capital projects and the
21 ability to use design-build procurement would
22 lower these costs as well as dramatically
23 reduce project time frames. One project
24 specifically is the cantilever on the BQE,

1 which is a huge project for the City of New
2 York in Brooklyn.

3 Let me take a moment to discuss NYCHA.
4 I know Senator Young was asking questions
5 earlier about this. NYCHA is home to over
6 400,000 New York State residents who are in
7 desperate need of funding to repair the
8 178,000 apartments in which they live. The
9 city has responded to chronic federal
10 underfunding of NYCHA by adding \$262 million
11 in our preliminary capital plan, for a
12 five-year total of just under \$1.4 billion.
13 The state has not allocated any funding in
14 the current budget for NYCHA, but has
15 appropriated \$200 million in the 2018 budget.

16 NYCHA's infrastructure needs continue
17 to grow as it is aging infrastructure and
18 falls deeper into a state of disrepair. With
19 likely federal cuts on the horizon, I urge
20 the state to step up to the plate for our
21 NYCHA families. We have issues of mold and
22 lead paint and boilers.

23 In addition to long-term funding for
24 New York City subways and buses and the

1 approval of design-build, here are a few
2 other main areas of concern for the City
3 Council that really hit to the core of our
4 robust safety net.

5 No significant actions to address the
6 potential DSH cuts impacting Health +
7 Hospitals -- disproportionate share of
8 hospital funding cuts; inadequate support on
9 homelessness prevention; lack of financial
10 support for Raise the Age implementation; a
11 reduction in Child Preventative Services
12 funding; and insufficient school funding and
13 unfunded education mandates.

14 An astounding 44 percent of
15 New Yorkers are living at or near the poverty
16 level -- 44 percent of New York City
17 residents are living at or below that poverty
18 line. Almost half of New Yorkers. According
19 to the Mayor's Office for Economic
20 Opportunity, about 20 percent of New
21 Yorkers -- it's actually 22 percent,
22 1.7 million New Yorkers -- are living in
23 poverty. One of every five people you see on
24 the streets of New York City are living in

1 poverty. However, without SNAP another
2 3.2 percent would be living in poverty.
3 Without housing assistance such as NYCHA,
4 another 5.8 percent would be living in
5 poverty. Without income-tax-based programs
6 such as the Earned Income Tax Credit, another
7 3.9 percent would be living in poverty.

8 As bad as poverty is now, it would be
9 far worse without a robust social safety net.
10 That is why I have and will continue to
11 champion for funding that will protect those
12 who have the least. Because we New Yorkers
13 want to give everyone a chance. We do not
14 leave anyone out in the cold.

15 A significant part of the safety net,
16 which is so important, is New York City
17 Health + Hospitals. H+H is under
18 considerable financial strain.
19 Unfortunately, the Executive Budget extends
20 the current Medicaid Disproportionate Share
21 Hospital, or DSH, distribution formula for
22 one year. If the federal government does not
23 delay the cuts to DSH payments and the state
24 maintains its current distribution formula,

1 H+H would lose \$329 million this federal
2 fiscal year and \$400 million in the next
3 fiscal year. DSH constitutes H+H's primary
4 source of federal funding. The state must
5 step in to maintain DSH funding if we lose it
6 at the federal level.

7 Another significant part of that
8 safety net is supportive housing. While the
9 City Council acknowledges the state's
10 \$20 billion five-year plan, which aims to
11 build or preserve 112,000 units of affordable
12 housing, this only includes 6,000 units of
13 supportive housing. We need more for the
14 chronically homeless. The reality is we need
15 to do a lot more, and supportive housing
16 units with on-site social services go a long
17 way in bringing dignity and upward mobility
18 to those living with mental illness,
19 addiction disorders, and other severe health
20 problems, such as HIV and AIDS. I have been
21 sober for 8 1/2 years. This July I will be
22 9 years sober, July 13th. It's my biggest
23 accomplishment in life. I know how important
24 it is to get clean and sober. I got sober at

1 27 years old. We need more supportive
2 housing for folks that are struggling right
3 now.

4 In our state's history, we have
5 witnessed three New York New York agreements
6 that have been groundbreaking moments where
7 New York City and the state came together to
8 build over 10,000 units and prioritized the
9 most vulnerable homeless New Yorkers.
10 Studies show that those units contributed to
11 reduced use of shelters, hospitals,
12 psychiatric centers and incarceration. With
13 the last agreement having been 13 years ago,
14 it's time for New York City and the state to
15 do it again. And I know we had a program
16 that was talked about in the last few years.
17 I really want us to increase supportive
18 housing for the folks that need it most.

19 Years ago the city and state supported
20 a short-term rent subsidy program, the
21 Advantage program, that provided rental
22 subsidies for those coming out of shelter,
23 and in 2011 the state withdrew its portion.
24 When that program went away, the city and

1 state remained at odds and the number of
2 homeless New Yorkers increased dramatically
3 during that time frame.

4 Homelessness is a crisis that shows no
5 sign of abating. Every night, over 60,000
6 New Yorkers sleep in our shelter city --
7 60,000. And 23,000 of that 60,000 are
8 children. The most successful model for
9 ending chronic homelessness is supportive
10 housing, which pairs affordable housing with
11 on-site social services for people with
12 mental health and substance abuse issues.
13 The plan to enhance supports for existing
14 residential housing is welcome. However, the
15 \$9.3 million cut to Living in Communities --
16 LINC -- rental assistance programs is
17 completely counterproductive, and it will
18 drive homelessness up even further in New
19 York City.

20 The LINC program has allowed
21 approximately 1,465 families and 5,098
22 individuals to move out of shelter since
23 fiscal year 2017. LINC funds the difference
24 between rents that working families in

1 shelters can afford and what the New York
2 City rental market demands. It is a
3 successful model and a critical strategy for
4 ending homelessness, one the state should
5 continue to support.

6 The State Executive Budget also
7 extends the reach of state bureaucracy into
8 the city's street homeless outreach programs.
9 The budget has a clause that allows OTDA to
10 withhold funding from counties if
11 homelessness-related programs are not up to
12 their standard. The city already works with
13 OTDA for approval of homeless programs where
14 the state provides support such as rental
15 assistance and rapid rehousing. The state
16 provides no funds for homeless outreach. The
17 proposal is putting the cart before the
18 horse.

19 The state's fiscal 2018-2019 Executive
20 Budget includes \$100 million for state and
21 local costs related to implementation of
22 Phase 1 of Raise the Age. The Council
23 appreciates the initial support from the
24 state. However, funding for subsequent

1 phases is unclear. As an unfunded mandate,
2 the city could potentially be at a loss of
3 \$200 million annually. This, coupled with
4 the reduction of \$31 million for the Close to
5 Home initiative, would be detrimental to
6 young people in New York City. We need help
7 from the state to support much-needed reforms
8 that include both diversion programs for 16-
9 and 17-year-olds and residential placement
10 services for juveniles.

11 Lastly in this area, I am also
12 concerned with the proposal to cap the state
13 reimbursement for preventive services for
14 New York City only. Preventive services are
15 designed to help families keep their children
16 safely at home and avoid foster care
17 placements. The total loss to the city would
18 reach \$130 million in fiscal 2019. Given the
19 progress we've made on reducing child
20 fatalities and keeping families united, it is
21 particularly worrisome that the state would
22 actually cut back on funding.

23 In the area of education, there are a
24 number of concerns. I know I only have a

1 minute left, so I'm going to breeze through
2 these. We are still concerned about Campaign
3 for Fiscal Equity funding, and so I ask you
4 to continue to prioritize education funding.
5 The proposed increase of \$247 million in aid
6 for our schools is \$217 million less than the
7 projection in our city's budget. We urge the
8 Legislature to fully fund CFE and ensure that
9 all students are offered a sound basic
10 education as the Court of Appeals said they
11 should have.

12 The shortfall in Foundation Aid will
13 be exacerbated by the plan to slash state
14 support from summer education programs for
15 special education students. The Executive
16 Budget would cut the state reimbursement rate
17 and leave New York City schools with a
18 \$65 million budget hole next year.

19 I'm going to keep moving on and say
20 that -- I talk about CUNY in my testimony, if
21 you could please look at that.

22 And then lastly, I am concerned as
23 well about the federal tax reform plan, the
24 SALT deduction, how it's going to affect New

1 York City taxpayers who take the deduction.
2 1.3 million New York City residents took that
3 deduction last year. That's about 31 percent
4 of all city taxpayers. It saves the typical
5 taxpayer close to \$10,000 in federal taxes.

6 Let me conclude by saying that as you
7 approach the 30-day amendment process, it is
8 my hope that there are adjustments that will
9 allow New York City to continue to provide
10 much needed services to New Yorkers who need
11 it most. It must be a partnership to protect
12 the most vulnerable amongst us, and we are
13 here to offer our voice to the conversation
14 on how we get that done.

15 Again, congratulations, Chair
16 Weinstein, on this position. You have done
17 an amazing job for your district with your
18 tenure here in the Assembly.

19 Senator Young, I look forward to
20 working with you.

21 And to everyone else that's here for
22 my testimony, I thank you very much and I'm
23 happy to take your questions. Also I
24 acknowledge I'm joined by the City Council's

1 finance director, Latonia McKinney.

2 Thank you.

3 CHAIRWOMAN WEINSTEIN: Thank you.

4 CHAIRWOMAN YOUNG: Thank you,

5 Mr. Speaker.

6 Senator Savino.

7 SENATOR SAVINO: Thank you, Senator

8 Young.

9 Thank you, Mr. Speaker. Nice to say
10 that, Mr. Speaker. Congratulations, first,
11 and welcome to Albany for your first budget
12 address.

13 I just want to focus on one or two
14 things in the budget. By the way, I agree
15 with you on the cuts to Child Protective
16 Services and Child Preventive Services, and I
17 will speak extensively on that tomorrow with
18 OCFS and the partner agencies, because you're
19 right -- it's not just wrong for the City of
20 New York, it's just wrong, period,
21 particularly at a time when we know there's a
22 greater demand for preventive services.

23 Raise the Age, same issue. Close to
24 Home, we know it works, so we need to address

1 that.

2 I want to talk about NYCHA, though,
3 because one of the biggest issues that you're
4 going to have to deal with now as the speaker
5 of the City Council is what we do about what
6 is the largest housing development in the
7 country. And I know some of your members,
8 particularly Ritchie Torres, he has been like
9 a dog with a bone on this. He's been a great
10 ally to myself and some of my colleagues in
11 the Senate as we prepare legislation to try
12 and address it.

13 One of the things that we have
14 proposed and the Senate passed unanimously on
15 June 19th of this year was a bill that would
16 require an independent monitor for NYCHA,
17 because part of the problem is mismanagement.
18 You know, it doesn't matter who you put in
19 there, it's decades of, you know, this is the
20 way it's always been done, and therefore we
21 don't do anything differently.

22 So I'm just wondering if you have any
23 thoughts about an independent monitor. I
24 know Ritchie Torres stood with us and some of

1 your other colleagues in the City Council as
2 well who represent several developments.

3 NYC COUNCIL SPEAKER JOHNSON: Thank
4 you, Senator Savino, for welcoming me.

5 And I am deeply concerned about the
6 state of NYCHA as well -- 178,000 apartments,
7 400,000 New Yorkers, some of the most
8 vulnerable New Yorkers. And the City of
9 New York needs to do a better job.

10 Now, I believe that the issues that
11 plague NYCHA are much bigger than one person.
12 So if the chair left tomorrow, the issues
13 would still stand, whether it be mold, lead,
14 boilers, any of those issues. I know that
15 the federal government, the feds, the U.S.
16 Attorney for the Southern District, are
17 involved in looking at some of these problems
18 that have plagued NYCHA for a very long time.
19 There needs to be better management. Three
20 top, actually four top NYCHA officials have
21 left NYCHA in the last three months. The
22 general manager is leaving sometime soon, the
23 new general manager, Vito Mustaciuolo from
24 HPD, is a great guy who I have a lot of

1 confidence in. We need to get NYCHA in the
2 right place. And if that means a federal
3 monitor, that means a federal monitor.

4 Now, ultimately it's about
5 accountability, it's about responsibility and
6 it's about serving the residents who live in
7 NYCHA. So no one should take this
8 personally. This is about getting results on
9 behalf of the New Yorkers that need it most.

10 SENATOR SAVINO: Thank you.

11 And the other question I wanted to ask
12 you about, earlier today the mayor was, you
13 know, aggressively asked about the city's
14 property tax system. And I know that many of
15 the members of the council have signed on to
16 a plan to I guess have a commission to study
17 the way we arrive at property taxes. Just
18 this week, we all received our updated
19 property tax assessments from the Department
20 of Finance.

21 NYC COUNCIL SPEAKER JOHNSON: It's
22 crazy. It's crazy.

23 SENATOR SAVINO: I was quite shocked
24 to find out that my house has increased

1 133 percent since last July.

2 NYC COUNCIL SPEAKER JOHNSON:

3 Congratulations.

4 SENATOR SAVINO: And it's now,
5 according to them, it's worth a half a
6 million dollars. I joked with the mayor and
7 said there's nothing in that house that's
8 worth a half a million dollars, including me.

9 (Laughter.)

10 SENATOR SAVINO: Ridiculous.

11 But these are the kind of bills that
12 people are getting. So on the one hand when
13 the city says we haven't raised the property
14 tax rate, well, there's some truth to that.
15 But the assessments are killing us.

16 And there's also an inequality in the
17 assessments, in that I pay more on my house
18 than someone pays in Park Slope, where the
19 house is certainly worth four times what my
20 property is.

21 So I'm hoping that you will show the
22 leadership to fight this fight. We're not
23 suggesting that the City of New York should
24 have to not collect property tax, but let's

1 take a good long look at this. It's crazy
2 that our property taxes are going through the
3 roof, and we're not seeing what we feel we
4 should be getting back from the government.
5 And, you know, for years they've just pushed
6 it back and forth, said it's not our fault,
7 we didn't raise the rate, it's this crazy
8 formula that's in state law.

9 Well, we're all in this together.
10 We're prepared to work towards coming up with
11 a fairer system so that people have some
12 faith in the money that's taken out of their
13 pocket and utilized for whatever the city
14 needs.

15 NYC COUNCIL SPEAKER JOHNSON: I agree
16 with you a hundred percent. The assessments
17 are crazy. They don't make any sense. It is
18 unequal. I know that former Chief Judge
19 Lippman and former Finance Commissioner
20 Martha Stark have brought forward a potential
21 case to look at the inequity in the property
22 tax system in New York City.

23 Anything we want to do here, my
24 belief, some of the guiding principles, we

1 need to fix the system, which is broken, and
2 to hopefully have it be revenue-neutral. So
3 everyone might have to feel a little bit of
4 pain, or some even might feel a little bit of
5 pain more than others, but ultimately what we
6 do -- the council has to vote on this, so the
7 mayor can't do this on his own. We will be a
8 full, respected, and equal partner as the
9 mayor looks to tackle this. And the State
10 Legislature has to play a role as well.
11 Anything we have to do, you guys have to
12 authorize. So this conversation needs to be
13 a conversation that is fulsome and inclusive,
14 that includes all of you, who are going to
15 have some role in this.

16 I am ready to sit down, have these
17 conversations, look at the inequality in the
18 property tax system. People have called it
19 the third rail. You can't keep kicking the
20 can down the road. We have to take a look at
21 it. And I stand ready, willing and able to
22 work with anyone in government to finally
23 make some more sense out of this system.

24 SENATOR SAVINO: Thank you.

1 NYC COUNCIL SPEAKER JOHNSON: Thank
2 you, Senator.

3 CHAIRWOMAN WEINSTEIN: Thank you.
4 Assemblyman Braunstein.

5 ASSEMBLYMAN BRAUNSTEIN: Hello,
6 welcome to Albany.

7 My comments are very similar to what
8 Senator Savino said. And all I can say is
9 I'm heartened by your answer that you're
10 really willing to take on this challenge.
11 Because you're right, it's been called the
12 third rail of politics.

13 But in my district in Northeast
14 Queens, the co-op owners that I represent pay
15 some of the highest effective property tax
16 rates of all of New York City. And something
17 needs to get done, and people have talked
18 about it for years. So I'm hopeful that
19 you'll make good on your word and you and
20 your colleagues will continue to pursue this.

21 NYC COUNCIL SPEAKER JOHNSON: And your
22 local councilmembers who overlap in your
23 district, whether it be Councilmember
24 Grodenschik or Councilmember Lancman or

1 Councilmember Vallone, they have been very
2 vociferous about wanting to tackle this. As
3 well as on Staten Island, Councilmember Rose,
4 Minority Leader Matteo, and Councilmember
5 Borelli, they've all talked about this as
6 well.

7 And I want to work with any members of
8 the council, regardless of party or
9 regardless of ideology, to get something done
10 on this. I'm serious about it. And I look
11 forward to continuing those conversations
12 with members of the State Legislature.

13 CHAIRWOMAN YOUNG: Thank you.

14 We've been joined by Senator John
15 Brooks. And Senator Krueger has some
16 questions, I do believe.

17 SENATOR KRUEGER: Thank you.

18 Nice to see you, Mr. Speaker.

19 NYC COUNCIL SPEAKER JOHNSON: Good to
20 see you, Senator.

21 SENATOR KRUEGER: And nice to see
22 somebody coming to visit Albany who says
23 they're progressive, you'll see you get a
24 different response up here sometimes to that

1 terminology.

2 I appreciate your broad testimony on
3 so many issues today.

4 Since you have to deal with the city
5 budget, there's been a lot of back and forth
6 earlier today -- I don't know how much you
7 were listening to versus doing other work --
8 that if the city is facing hundreds of
9 millions of dollars in cuts proposed in the
10 Executive Budget, but the city is also going
11 to be asked for money for the emergency
12 funding for the subway -- which many of us
13 here from New York City actually think
14 everybody needs to pony up; we just have to
15 get the subway fixed -- do you think that
16 it's fair to expect the city to lower the
17 amount of the rainy day fund that it's
18 holding out for itself in the absence of
19 knowing what the feds are going to do?
20 Because ultimately this is all about, you
21 know, who's going to pay for what. You
22 outlined very well in your testimony so many
23 places the state is reducing commitments to
24 the city that it's made in the past. And

1 when the mayor was here testifying earlier,
2 he said that he had \$5 billion, I believe, in
3 a rainy day fund or surplus.

4 I worry that people think that that's
5 a lot of money when that's not necessarily
6 that much money in the face of federal
7 changes. I'm just curious whether your staff
8 has been able to help you predict how we have
9 to think about that as well.

10 NYC COUNCIL SPEAKER JOHNSON: Thank
11 you for the question. It's a really
12 important question. I know that Senator
13 Young talked about this earlier with the
14 mayor.

15 I am not an expert, but I think we
16 should look at what experts have said. So
17 the Citizens Budget Commission -- who has not
18 been easy on the mayor and his budget the
19 last four years -- they have said that our
20 reserves need to be higher than they are. So
21 our \$5 billion approximate amount of
22 reserves, we, I think, have been prudent and
23 responsible -- and the council played a role
24 in this last year. We asked the mayor to set

1 talked about how municipal bond rates are
2 going up, and the impact that is going to
3 have on bonds in New York City and on capital
4 projects in New York City. I think we
5 continue to be prudent, not take money out of
6 the reserves -- but again, I have said it, I
7 think we should not rule out the city putting
8 more money into the subways. I'm not ready
9 to say no to that. I think it depends on a
10 variety of things -- accountability,
11 transparency, the prioritization of projects.

12 The city last week, the mayor's
13 appointees on the MTA were able to reverse
14 the decision related to station enhancements
15 because they thought that wasn't the best way
16 to spend capital dollars. I don't think we
17 should write a blank check to the MTA, or it
18 will disappear somewhere. I support
19 congestion pricing. That money should be put
20 in the famous bad word of a lockbox so that
21 the money is dedicated to the MTA.

22 We need to have a big conversation.
23 And I think just saying no on money to the
24 MTA is not a wise move. The 6 million people

1 who take the MTA every single day do not care
2 who pays for it, they just want results. Six
3 million people in the subways, 2 million
4 people on the buses. No offense to Senator
5 Brooks or anyone else from Long Island,
6 300,000 people take Long Island Railroad
7 every day. That is a fraction of the people
8 that use the MTA in the subways and buses.
9 They just want results.

10 So we shouldn't bicker and fight over
11 how we get those results. Let's create a new
12 revenue stream with congestion pricing, let's
13 get the city to potentially put more money
14 in -- if there's accountability, and the city
15 has a say in what the money would go
16 towards -- and let's fix this problem. It's
17 the lifeblood of the New York City economy.
18 It's the most egalitarian thing about
19 New York City is the subway system.

20 SENATOR KRUEGER: Thank you.

21 CHAIRWOMAN WEINSTEIN: Assemblyman
22 Carroll.

23 ASSEMBLYMAN CARROLL: Thank you, Madam
24 Chair.

1 Brooklyn or like someone from Central
2 Brooklyn has particular concerns for their
3 constituents about coming into the central
4 business district below 60th Street, over the
5 three East River bridges or through a
6 particular tunnel, and they have concerns,
7 whether it be low-income folks, medical
8 appointments, et cetera, I am flexible.

9 Ultimately, I believe congestion
10 pricing has to have a variety of principles
11 attached to it:

12 One, disincentivize cars from coming
13 into Manhattan. It is choking the city
14 streets, it's bad for the environment, it's
15 bad for quality of life, and it's bad for
16 economic activity in the city as well.

17 Two, I think we need to create a
18 dedicated revenue stream for not just the
19 subways but rapid bus transit and transit
20 deserts in eastern Queens and Southern
21 Brooklyn. So we need to have a variety of
22 principals involved.

23 If individual members of the Senate
24 and Assembly and the Council have particular

1 specifics that they're concerned about, I'm
2 flexible. So what that means is I don't
3 think it's my place to come to the
4 Legislature today with a baked plan. You all
5 are still debating the specifics. You all
6 are still listening to members who have
7 concerns. I'm sure Senator Golden has
8 concerns. I'm sure Senator Lanza has
9 concerns. I'm sure members of the Assembly
10 have concerns. I want to respect those
11 concerns and work with the Legislature on the
12 specifics to come up with a plan that follows
13 the principles that I just laid out.

14 So I do not see passing a home-rule
15 message early on. I think we want to hear
16 from you all and work with you all in a
17 constructive and pragmatic manner to try to
18 get something passed that will create
19 revenue.

20 ASSEMBLYMAN CARROLL: As for the
21 Subway Action Plan, would you support -- as
22 long as the Governor gave assurances that the
23 money that Commissioner Lhota has asked for,
24 the 50 percent from the city -- if there were

1 assurances that that money would be spent on
2 the New York City subway system, would you be
3 fine with the city funding the 50 percent
4 that Chairman Lhota says they should?

5 NYC COUNCIL SPEAKER JOHNSON: Well,
6 Chair Lhota called me the other day and
7 corrected me, because he read something in
8 the paper, and said we have already committed
9 to that. So that commitment is there on that
10 money being dedicated just to the subway
11 system and no other part of the MTA -- not
12 Metro-North, not Long Island Railroad or
13 anything else.

14 But even then I can't say yes yet,
15 because there needs to be greater
16 accountability with the MTA. You look at the
17 cost overruns on East Side Access, which is
18 going to serve very little people. It's nice
19 for the Long Island Railroad, customers that
20 come in every day. It doesn't serve a lot of
21 people.

22 You look at the Fulton Center
23 downtown, billions of dollars over budget.
24 You look at the 7 train in my district; two

1 years behind schedule. You look at a
2 potential L train shutdown, which is going to
3 affect a lot of people in Brooklyn and in
4 Manhattan. Before the city can agree to put
5 money in, there needs to be tighter
6 standards -- deadlines, transparency, the
7 city having a say in the prioritization of
8 projects. And the biggest thing of all is
9 the signal system. I sat down with Ronnie
10 Hakim and Joe Lhota. They're great, they're
11 talented, they're smart, they're dedicated
12 public servants. They are not putting enough
13 money into the signal repairs. That is the
14 biggest issue that exists, more than subway
15 upgrades.

16 ASSEMBLYMAN CARROLL: Well, you know,
17 Speaker, that it's going to cost \$20 billion
18 to fix and update all the signals inside the
19 system. You know also that in the fall of
20 2019, the MTA is going to release its next
21 capital budget. Currently, the State
22 Comptroller has said that we should expect a
23 budget shortfall in that capital budget
24 upwards of \$15 billion. We don't even know

1 how much money they're going to spend on
2 signals, but clearly the system needs more
3 money. I agree with you that it needs more
4 accountability, but I think we all know that
5 it needs more money and it needs it now.

6 NYC COUNCIL SPEAKER JOHNSON: Those
7 things are attached, though. If you're going
8 to put more money in, there needs to be more
9 accountability. I think both those things
10 are connected.

11 The current plan on the signal system
12 would not have the signals fixed until 2068.
13 That is insane. We'll all be dead -- not all
14 of us, many of us will not be alive to see
15 the signals upgraded. It's unacceptable.

16 ASSEMBLYMAN CARROLL: I will still be
17 alive.

18 (Laughter.)

19 NYC COUNCIL SPEAKER JOHNSON: You'll
20 still be alive. You'll have a good pension
21 by then, hopefully.

22 It doesn't make any sense. We need to
23 do better. I understand the cost is a lot.
24 I understand the federal government has cut

1 back. I understand all of these things.
2 It's an issue of priorities. And to me, the
3 signal system itself is a bigger priority
4 than how a station looks when you walk down
5 inside of it. I wish we could do both, but
6 if we're going to do one, it should be
7 signals.

8 ASSEMBLYMAN CARROLL: Thank you.

9 CHAIRWOMAN WEINSTEIN: Thank you.

10 CHAIRWOMAN YOUNG: Thank you,
11 Mr. Speaker.

12 And first of all, congratulations.
13 And I think you're a breath of fresh air, and
14 it's good to have you here today.

15 I wanted to get your take on the
16 school system in New York City. So had
17 discussions with the chancellor, had
18 discussions with the mayor about the 1600
19 schools that comprise the New York City
20 school system. And I wanted to get your
21 thoughts about funding of high-needs schools,
22 because it's been very, very difficult for
23 state government to get information from the
24 city about where the funding is going.

1 This year in the Executive proposal
2 there exists about \$10.4 billion to be
3 allocated to New York City. And the question
4 is, where is that money going exactly? We're
5 not getting the reporting that we have
6 statutorily required from the city. And so
7 there's a lot of concern out there about some
8 of the high-needs school districts that are
9 in some of the poorest areas of the city not
10 getting the funding that they need.

11 Could you address that?

12 NYC COUNCIL SPEAKER JOHNSON: I want
13 answers to those questions as well. So, you
14 know, I don't think it's an unreasonable
15 thing to ask for transparency when it comes
16 to how education dollars are being spent.

17 One of the issues I would ask the
18 State Legislature to look at, which I think
19 you all could play a leading role in because
20 of the amount of state aid that's given every
21 year to the New York City public school
22 system, is the level of segregation. We have
23 the most segregated school system in the
24 United States of America. That is shameful

1 and unacceptable.

2 And many of the schools, Senator
3 Young -- Chair Young, that you are referring
4 to are probably some of the most segregated
5 schools, because they're some of the
6 lowest-income schools with lowest-income
7 families in the entire city -- pockets of
8 poverty. Your zip code where you're born
9 should not determine the education that you
10 ultimately receive.

11 It's not just about budget dollars,
12 either. It's about parental involvement,
13 it's about a variety of other things like
14 health outcomes and support in a community,
15 integrating these things -- poverty reduction
16 writ large. So those are the issues, I
17 think, that affect these things.

18 But asking for more transparency to
19 understand how budget dollars are being
20 spent -- you know, right now our budget is
21 \$88 billion. Almost \$30 billion of our city
22 budget goes to the DOE.

23 So we always need more transparency.
24 One thing I'm going to do as speaker is

1 through our own budget process we have units
2 of appropriation that are very large,
3 \$300 million, \$400 million that are put in
4 our municipal budget without any details.
5 I'm going to ask for details from the mayor
6 and from OMB when it comes to our own budget
7 process. I don't know enough exactly about
8 what you're talking about, but it sounds
9 reasonable.

10 CHAIRWOMAN YOUNG: Thank you,
11 Mr. Speaker.

12 And I think one of the common themes
13 today has been about huge government
14 bureaucracies and problems that exist. So
15 whether it's at NYCHA, whether it's within
16 the school districts when you're talking
17 about the lack of transparency -- which I
18 agree with -- whether it's the MTA, which I
19 also agree with you on that, we're talking
20 about massive bureaucracies and it's very
21 difficult to get to the root of the problem
22 sometimes.

23 New York City government itself is a
24 massive bureaucracy. And you, as speaker, do

1 you have any plans to do some kind of
2 thorough review and vetting of how money is
3 spent just in general for city government?
4 Because you talk about the fact -- and
5 Senator Savino has been very vocal about this
6 also. But we talk about the fact that while
7 the tax rate has not gone up in New York
8 City, the tax levy has gone up over and over
9 and over again. So it's a shell game, it's a
10 way to game the system. And so the costs are
11 getting heavier, people are suffocating under
12 the burden of taxes in New York.

13 It seems to me that there should be
14 some kind of review to see where you can find
15 savings. And I'm not saying you should cut
16 vital programs like education or health or
17 anything like that. But we know that in
18 every huge bureaucracy there exists waste.

19 So I wanted to get your thoughts about
20 that.

21 NYC COUNCIL SPEAKER JOHNSON: So I
22 have a few thoughts. Thank you for the
23 question, Chair Young. It's a very, very
24 important question.

1 One thing I immediately did upon
2 becoming speaker is I created a new
3 subcommittee in our Finance Committee on
4 capital projects. The city has a four-year,
5 \$69 billion capital plan. Four-year, \$69
6 billion capital plan.

7 So when we talk about the BQE
8 cantilever wanting design-build, when we talk
9 about siting community-based jail facilities
10 in districts that are going to cost a lot of
11 money, we need to have a capital committee
12 that specifically looks at capital projects
13 and has greater transparency, greater
14 accountability, and to ensure projects and
15 the money is being spent wisely.

16 I would not disagree with the premise,
17 but I would reorient a little bit on
18 something you said. CUNY, Health +
19 Hospitals, the MTA, NYCHA, and the Department
20 of Education. Those five huge bureaucracies
21 or huge agencies that exist to serve millions
22 of New Yorkers, I look at those five
23 things -- I know there are only four legs on
24 a stool, but as the five legs of a stool of

1 the social safety net in New York City. A
2 robust and vital social safety net for the
3 poorest New Yorkers.

4 And so for me, I'm here today to say
5 please don't cut the social safety net. We
6 can look at ways -- we can look at
7 bureaucracy, we can have greater
8 accountability. The mayor says that he's
9 getting \$900 million in savings through
10 agencies as part of our city budget. We're
11 going to have questions about that in our
12 budget process starting in a month.

13 But when it comes to CUNY, NYCHA, H+H,
14 Department of Education, and the MTA, they're
15 the things that serve the poorest New
16 Yorkers. One in five New Yorkers is in
17 poverty, one in five. Forty percent, two in
18 five, are below or at the poverty line.
19 Please do not harm these vital, vital
20 agencies that serve the least among us.

21 CHAIRWOMAN YOUNG: Thank you for that.

22 And I also was very happy to hear that
23 you would consider that the city should meet
24 its statutory requirement of providing

1 capital funds to the MTA. I think that's
2 critically important as we move forward.

3 And finally, I know that you said that
4 the problems at NYCHA far exceed just one
5 person, and I agree with that wholeheartedly.
6 However, you need to have trust that the
7 leadership in an agency is doing the right
8 thing. And obviously there's an
9 investigation now being conducted by the
10 federal government that the head of the NYCHA
11 program actually falsified documents that
12 certified that lead paint testing was done
13 within NYCHA.

14 So I believe that there has to be
15 accountability and transparency, as you said.
16 I believe that we need to have answers. And
17 a lot of poor people, as you pointed out, are
18 depending on having a safe environment in
19 which to live. So we need to make sure that
20 this bureaucracy is doing the right things.
21 And I want to associate myself with Senator
22 Savino's point that there should be a federal
23 monitor to oversee NYCHA. This has gone on
24 for decades and decades. It's only getting

1 worse. We need to have something positive
2 happen.

3 So I appreciate your comments too.

4 NYC COUNCIL SPEAKER JOHNSON: Give us
5 some more money. NYCHA needs it. NYCHA
6 needs more money.

7 CHAIRWOMAN YOUNG: Well, you know --
8 you know what, we have given --

9 NYC COUNCIL SPEAKER JOHNSON: You
10 can't call for greater accountability and
11 transparency without the requisite amount of
12 support.

13 CHAIRWOMAN YOUNG: But here's the
14 problem. So the state has put in
15 \$300 million, right?

16 NYC COUNCIL SPEAKER JOHNSON: In
17 previous fiscal years.

18 CHAIRWOMAN YOUNG: Right. And -- but
19 right now, because it's being mismanaged, how
20 can we be sure that the money is being spent
21 correctly? And so that's why I would suggest
22 a federal monitor could go a long way in
23 making sure that the system is accountable
24 and transparent.

1 NYC COUNCIL SPEAKER JOHNSON: I
2 understand. But in the meantime, NYCHA
3 residents should not remain at risk by us not
4 stepping up to the plate. The city has put
5 \$1.9 billion over the last five fiscal years
6 into NYCHA, an additional \$262 million
7 commitment in the upcoming fiscal year. I
8 know you all put money in. NYCHA needs more
9 money. Please, we need more money.

10 CHAIRWOMAN YOUNG: But it needs
11 responsible leadership too.

12 NYC COUNCIL SPEAKER JOHNSON: I don't
13 disagree with that. I'm not here to defend
14 the chair. She is supposed to come to a
15 hearing tomorrow on boilers in front of the
16 City Council. I will be at that hearing for
17 as long as the hearing lasts. It's supposed
18 to start at 10 a.m., it's supposed to go
19 until 4 p.m. Residents are coming, and NYCHA
20 leadership is supposed to be there. She said
21 that she has jury duty tomorrow, so she might
22 not be there. That's unacceptable. She has
23 to be there.

24 CHAIRWOMAN YOUNG: That's good to

1 hear.

2 NYC COUNCIL SPEAKER JOHNSON: So this
3 council, Councilmember Alicka Ampry-Samuel,
4 the new chair of the Public Housing
5 Committee, she has 27 public housing
6 developments in her district. Councilmember
7 Ritchie Torres, who chaired the committee
8 previously, they're going to jointly cochair
9 that hearing tomorrow to look at the boiler
10 problems and to talk about management issues
11 in a broader way.

12 But please, Senator Young, Chair
13 Young, I would ask you not to allow that to
14 get in the way of us stepping up in the way
15 we need to for NYCHA residents. We need more
16 money for these buildings.

17 CHAIRWOMAN YOUNG: Good luck with the
18 hearing tomorrow.

19 NYC COUNCIL SPEAKER JOHNSON: Thank
20 you.

21 CHAIRWOMAN YOUNG: It sounds very
22 important.

23 NYC COUNCIL SPEAKER JOHNSON: Do you
24 want to come?

1 congestion pricing. Both of you seem to be
2 fairly on the same page with that. I also
3 mentioned to him about what type of
4 congestion pricing will we have, and
5 basically will it be a single payer or will
6 it be a variable fee. And I'll be interested
7 in your opinion on that.

8 And in particular -- I'm not talking
9 about doctor's appointments and stuff like
10 that, which is very important and must be
11 considered, but I'm also talking about peak
12 hours versus off-peak hours, after 7 o'clock
13 for people who want to come for the night
14 life in New York City, who -- weekends when
15 families want to bring their kids into the
16 city to see the museums and all the cultural
17 advantages the city has.

18 It would be interesting hearing your
19 opinion on that.

20 NYC COUNCIL SPEAKER JOHNSON: Again,
21 Assemblyman, I'm not saying this to be vague
22 or evasive in any way. I am really open. So
23 I am open to a plan that would pass the State
24 Legislature, I am open to a plan that would

1 address the individual concerns of City
2 Councilmembers related to their own
3 constituents and districts.

4 And so I want to see something get
5 done. I want it to get passed this year,
6 this legislative session. My district, if
7 you'll indulge me for a moment, is fairly
8 large geographically. My district includes
9 the neighborhoods of West Soho, Hudson
10 Square, Greenwich Village and the West
11 Village, Chelsea, Flatiron, Hell's Kitchen, a
12 little bit of the Upper West Side, Columbus
13 Circle, Times Square, the Theater District,
14 the Garment District, Hudson Yards, the
15 High Line, the Hudson River Park, Penn
16 Station, Moynihan Station, Madison Square
17 Garden, the Port Authority Bus Terminal, the
18 Javits Center and the Whitney Museum. The
19 west side of Manhattan from Canal Street to
20 63th Street. Each one of us in the council
21 represent 170,000 constituents. The average
22 daily population of my district is
23 2.2 million people because of what's in my
24 district.

1 Congestion is choking the streets of
2 New York City. Seven days a week, from
3 6 a.m. until 11 o'clock at night. It is bad
4 for business, it's bad for the environment,
5 it's bad for quality of life. So anything
6 that can get us to disincentivize cars from
7 coming into Manhattan, to create a dedicated
8 revenue stream to the subways and buses in
9 New York City, I am open to working with you
10 and your colleagues here in the State
11 Legislature to see a plan get done.

12 ASSEMBLYMAN BENEDETTO: Thank you very
13 much, sir. Thank you, Madam Chairman.

14 CHAIRWOMAN WEINSTEIN: I just have a
15 question to follow up on Mr. Benedetto.

16 So what do you attribute the increased
17 congestion within your district or within
18 Manhattan to these past few years?

19 NYC COUNCIL SPEAKER JOHNSON: I think
20 it's a variety of things.

21 One, I do believe that the for-hire
22 vehicle industry has contributed
23 significantly. Uber, Lyft, Juno, all the
24 other services. If you look at the number of

1 new licenses that have been gained over the
2 last five years, it has been astronomical.
3 They're making a lot of money. I know that
4 they have said they're open to -- and I think
5 this might be actually the easier piece of
6 congestion pricing, is putting an additional
7 surcharge on for-hire vehicles that would go
8 into the congestion pricing dedicated revenue
9 stream. So I think that's one piece.

10 The second piece is tourism continues
11 to grow in New York City, which is a good
12 thing for our economy. With tourism comes
13 more tour buses. So we have seen a huge
14 increase in double-decker buses and tourism
15 buses and interstate buses -- BoltBus,
16 Megabus, these other -- Greyhound Bus, the
17 Chinatown bus companies. We've seen more of
18 those come in.

19 You have companies like Amazon, like
20 Fresh Direct, these other companies that have
21 been huge and successful as well. So on the
22 streets of New York City, every day, Fresh
23 Direct trucks, more UPS trucks, more FedEx
24 trucks, because of the online retail

1 environment that we're living in now.

2 And then generally, if you do not
3 disincentivize cars from driving into
4 Manhattan, they will drive into Manhattan.

5 So it's a combination of all of those
6 things, population growth. Right now the
7 Department of City Planning in New York City
8 has now said we have just surpassed
9 8.6 million New Yorkers; as of today, we're
10 up to 8.6 million. They're now projecting by
11 2030, in the next 12 years, we're going to
12 pass 9 million New Yorkers.

13 So it's all of those factors that has
14 increased congestion and traffic in New York
15 City. And then there are other issues.
16 Dilapidated Port Authority Bus Terminal, so
17 you have buses on the streets who can't fit
18 into the terminal. You have Madison Square
19 Garden, Penn Station, the PATH trains --
20 everyone coming into the city and wanting to
21 use different ways to get around. And when
22 the subways are failing and not up to snuff,
23 people then hop in a taxi or an Uber or some
24 type of ride-share vehicle.

1 So if we create a level of trust in
2 our mass transit system, we will get less
3 people to drive into New York City because
4 they will feel like, oh, we have reliable
5 mass transit. The public doesn't have that
6 right now. So on days when someone says, oh,
7 do I take the train or do I drive, many times
8 people don't want to be in a bad subway
9 system so they'll drive instead. Or I'll hop
10 in an Uber instead.

11 All of this comes back to us fully
12 funding the MTA in the short term and having
13 a long-term plan. Which I think doesn't just
14 mean the subways, it means in your district
15 and in other districts in South Brooklyn,
16 more reliable, rapid bus transit service and
17 other express bus service, increasing those
18 to give riders more possibilities.

19 CHAIRWOMAN WEINSTEIN: You know, just
20 listening to you describe some of the
21 increase in congestion, very little of it
22 seems to be from more of my constituents or
23 others in Southern Brooklyn and parts of
24 Queens coming in, but really the tremendous

1 increase in for-hire vehicles, the retail --
2 the buses you talked about, the tour buses,
3 and the increase of trucks.

4 So I would hope that we'd try and
5 concentrate on some of the causes of
6 congestion rather than something that's a
7 very wide approach that will be difficult for
8 people to agree upon.

9 And you know, one thing that I
10 noticed, my niece just started at Columbia
11 University, so she was able to take -- she
12 was trying to decide whether to take the
13 train or -- it was late at night -- take the
14 train and a bus to go to my mom on the -- who
15 lives in Liz Krueger's district, and the Uber
16 was only \$2, the Uber pool was \$2. So why
17 would she -- you know, and not just her, but
18 why would people take the bus -- a subway and
19 a bus when they could pay less money to ride
20 in a car for half the time?

21 So I think we really need to focus on
22 that, to make sure that we're not stealing
23 riders from the subway system and revenues
24 from the subway and bus system onto the ride

1 shares, and have a funding stream that can
2 help bring some riders back into the subway
3 and buses.

4 NYC COUNCIL SPEAKER JOHNSON: I hear
5 you. And I think that the for-hire vehicle
6 market we need to continue to look at in a
7 series of ways, because it has exploded and
8 been very, very successful in taking a big
9 share of folks that may use alternate means
10 of transportation.

11 But I would respectfully say, Madam
12 Chair -- and I have the deepest respect for
13 you, and I know you are a huge advocate for
14 your district, and I get it -- I would say
15 that we still have to disincentivize cars
16 from coming into Manhattan. And it's not
17 just about delivery trucks and for-hire
18 vehicles, it's about cars generally coming
19 into Manhattan.

20 And until you disincentivize in some
21 way -- and again, I'm open. If people need
22 to come in to get to the FDR, don't toll the
23 FDR or the West Side Highway. Make those
24 options on the outer ring free.

1 I'm flexible. I want to come up with
2 something that works. But I don't want us to
3 rule out I think a very important part of
4 this in moving the plan forward.

5 CHAIRWOMAN WEINSTEIN: Thank you. And
6 thank you for being here today.

7 NYC COUNCIL SPEAKER JOHNSON: Thank
8 you very much, Madam Chair, Madam Chair.
9 Thank you all very, very much for having me.
10 I look forward to working together in
11 partnership and cooperation, with a level of
12 pragmatism, to get things done for the people
13 of New York City.

14 CHAIRWOMAN YOUNG: Thank you.

15 CHAIRWOMAN WEINSTEIN: As do we. We
16 thank you.

17 NYC COUNCIL SPEAKER JOHNSON: Thank
18 you.

19 CHAIRWOMAN WEINSTEIN: Next, Steve
20 Acquario, the New York State Association of
21 Counties.

22 MR. ACQUARIO: Good afternoon.

23 CHAIRWOMAN YOUNG: Good afternoon.

24 CHAIRWOMAN WEINSTEIN: Good afternoon.

1 CHAIRWOMAN YOUNG: How are you?

2 MR. ACQUARIO: Thank you. Thank you.

3 Good afternoon, members of the
4 New York State Legislature. My name is
5 Stephen Acquario. I'm the executive director
6 of the New York City Association of Counties.
7 I'm here on behalf of a unit of local
8 government in New York State called local
9 government.

10 In New York we have towns, villages,
11 cities, and counties. There are 62 counties,
12 five of which are in the New York City area
13 and 57 outside of New York City. Governing
14 in all levels of government these days is
15 very challenging, the recent changes in the
16 federal tax code being a prime example of
17 what's happening to states like New York --
18 particularly cities like New York, but also
19 to all areas of New York State and local
20 government.

21 It's a pleasure to be with you, and I
22 commend you for taking feedback from the
23 communities. I represent some views of our
24 communities. These are regional communities,

1 the counties -- a regional view, a regional
2 government. You'll hear later this evening
3 from other units of local government, towns
4 and cities and villages. And so it's a
5 pleasure to give the view of the regional
6 governments.

7 So on page 2 -- I'll be brief, I will
8 not be reading my testimony, in the interests
9 of what you've been going through all day
10 long and in the interests of those that come
11 behind me. I will be brief and touch on a
12 few issues.

13 On page 2, on the revenue side of the
14 Executive Budget submitted by Governor Andrew
15 Cuomo, is a proposal to modernize the state's
16 sales tax collections. Counties support the
17 proposal in the Governor's budget, the second
18 time that he has submitted this proposal to
19 update the state's sales tax code in
20 recognition of the changes in the economy and
21 the retail marketplace. The Governor's
22 Internet Fairness Conformity tax proposal
23 appropriately modernizes the state's tax code
24 and will help level the playing field between

1 store owners in our communities and
2 internet-based retailers.

3 On page 3, e-commerce continues to
4 grow at about 15 percent per year, according
5 to the United States Census Bureau. In 2017
6 it's likely that e-commerce sales will exceed
7 \$450 billion nationally and account for
8 nearly 10 percent of all retail sales.
9 According to the state's Division of Budget,
10 approximately \$140 million in local sales tax
11 owed under the state law for internet-based
12 purchases are presently not collected.

13 This update is long overdue. It
14 imposes no new taxes. It injects more
15 fairness into the retail marketplace. It
16 protects local jobs and eases the sales tax
17 collection process for vendors. The proposal
18 will help preserve a key pillar of a local
19 tax base, as sales tax is the number-one
20 source of revenue for more than half of the
21 57 counties. Overall, counties pass through
22 25 percent of sales tax revenues to other
23 local governments to help them reduce their
24 property taxes and pay for local services.

1 We must level the playing field
2 between e-commerce and Main Street and mall
3 brick-and-mortar sales. It's about
4 marketplace fairness.

5 Additionally, a second revenue
6 proposal advanced by the Governor, on
7 page 3 the Governor proposes to eliminate a
8 sales tax exemption that exists for energy
9 services corporations that was implemented
10 nearly 20 years ago. The change is expected
11 to increase county sales tax collections by
12 nearly \$80 million if it's enacted by the
13 Legislature. This will help, again, reduce
14 the pressure on local property taxes. We
15 appreciate your consideration of this
16 proposal.

17 On the expense side, counties and
18 New York City continue to spend nearly
19 \$8 billion on Medicaid. The state's Medicaid
20 growth cap has successfully lowered county
21 property taxes, but more needs to be done.
22 The Medicaid growth caps have been a huge
23 benefit for property taxpayers. Without the
24 3 percent annual growth cap implemented in

1 2005, and the zero percent growth cap
2 implemented in 2015, county property taxes
3 would be much, much higher today.

4 Counties have been able to keep
5 property taxes low because of these mandate
6 relief actions which have allowed counties to
7 keep the average annual growth rate in county
8 property taxes below the rate of inflation
9 since 2006.

10 We are pleased that members of the
11 Legislature continue today in 2018 to
12 continue to show a strong interest in a
13 continued takeover of local Medicaid costs.
14 We welcome these legislative proposals, and
15 we look forward to working with our state
16 partners in making this a reality.

17 On page 5, if the state's goal is to
18 keep property taxes low -- and it appears
19 that this is the state's goal -- then it's
20 counterproductive to cost-shift to local
21 governments. And on pages 5 through 7 of the
22 testimony we are highlighting either block
23 grants or cuts that are detailed in our
24 testimony.

1 On page 7 there is new Executive
2 authority of concern to county governments,
3 to local government. Counties oppose the
4 Governor's proposal to continue his authority
5 to rescind state appropriations if federal
6 Medicaid funding falls by more than
7 \$850 million or if other federal funding is
8 cut by a similar amount.

9 Counties believe a more open and
10 deliberative process should be utilized when
11 significant midyear funding cuts are enacted.
12 It should be a completely open legislative
13 process so that stakeholders and taxpayers
14 are made aware of the consequences of budget
15 cuts in their communities.

16 The Governor is also proposing a
17 second automatic budget-cutting authorization
18 in an instance where the state's revenue
19 projections fall \$500 million or more below
20 what was budgeted. In this case, there is no
21 provision at all for the State Legislature to
22 be involved in deciding how these funding
23 cuts would be imposed.

24 Also, considering that the state has

1 lowered their own revenue projections six
2 times in the last two years by a cumulative
3 \$4.2 billion dollars, the likelihood of this
4 unilateral Executive Budget authority being
5 triggered is more likely than people might
6 think.

7 For your information, a 1 percent
8 across-the-board cut to local governments is
9 the equivalent of hundreds of millions of
10 dollars.

11 On page 8 and page 9, and also on
12 pages 15 to 19, there are certain criminal
13 justice initiatives and public safety
14 initiatives. I'll just highlight a few.

15 On the bottom of page 8 to the top of
16 page 9, for the third year in a row the
17 state's required increase to district
18 attorneys' salaries -- that under state law
19 is tied to state judge salaries -- are not
20 included in the state budget. The state has
21 historically paid for this. This mandatory
22 salary level to a county employee will again
23 increase this year. The state inaction costs
24 counties \$2 million per year.

1 We strongly encourage the Legislature
2 to fully fund the state-mandated salary
3 increase in the final budget. While this may
4 not seem to be a large amount of money when
5 in comparison to the state's \$160 billion
6 budget, in some counties this increase alone
7 is equal to almost one-third of their entire
8 annual allowable tax cap growth last year.

9 On page 16, the Governor proposes
10 language to amend the Correction Law that
11 currently provides for reimbursement to
12 counties for both travel costs and a portion
13 of salary costs for the transportation of
14 what's called state-ready inmates. This
15 legislation eliminates the reimbursement
16 related to personnel service costs.

17 However, the Department of Corrections
18 and Community Supervision continues to
19 reimburse strict transportation costs, but
20 not personnel costs -- staff. We ask the
21 Legislature to reject this proposal and
22 recommend that the state transfer parole
23 violators held in county jails within 10 days
24 to a state facility and pay reimbursement to

1 counties for any costs they incur for housing
2 state parole violators after 10 days in a
3 local jail.

4 On page 17, an important statute that
5 you passed last year on Raise the Age -- we
6 have been working very closely with the
7 Governor's office and other agencies involved
8 with raising the age. Since this historic
9 law was signed into law, we are supportive of
10 the Executive Budget proposal that includes
11 \$100 million to implement Raise the Age.
12 However, we need further clarification on how
13 this money will be appropriated.

14 In addition, the state should de-link
15 the adherence to the state's property tax cap
16 as an eligibility requirement for full state
17 reimbursement of costs incurred to implement
18 this new state mandate. The state should
19 also consider, rather than reimbursing
20 counties for their future debt service for
21 newly constructed or renovated specialized
22 secure detention facilities, fully funding
23 the capital cost of these facilities up-front
24 through the Dormitory Authority or other

1 state capital programs, including design and
2 construction services.

3 While there has been consistent
4 outreach by the Executive branch, the
5 regulations to implement this statute are
6 still not final, which has hampered the
7 construction or the renovation of new
8 facilities. Counties remain highly concerned
9 about the ability to have the necessary
10 number of new beds available across the state
11 in the next eight months. The state must
12 seriously consider modifications to the
13 state's procurement law, including the use of
14 design-build and other waivers to expedite
15 the construction of these facilities.

16 Back on page 10 -- and I'll get
17 through this very quickly -- Election Law.
18 If the the state enacts voting reforms, any
19 resulting costs to counties for early voting,
20 direct or indirect, should be paid for by the
21 state to help impact the local property tax
22 base.

23 On page 11, with respect to gaming,
24 I'd like to just highlight the pending

1 decision by the United States Supreme Court
2 in Christie v. National Collegiate Athletic
3 Association and the impact should the federal
4 law be overturned. On page 13, with the
5 Supreme Court case pending and its related
6 ramifications, the state should begin to
7 consider a framework -- and I know the
8 New York State Senate recently had a hearing
9 on this -- that protects the residents and
10 governmental interests.

11 NYSAC would support a system that
12 allows gaming facilities such as OTBs to host
13 sports betting and further distribute this
14 revenue to the local tax base.

15 On page 14, NYSAC fully supports the
16 Governor's proposal that links the state and
17 local government judgment interest rates to
18 the federal rates, which are currently below
19 2 percent. The current judgment interest
20 rate in New York State is set in law at
21 9 percent and was established in the 1970s
22 during a period of very high interest rates.

23 On page 20, countywide shared
24 services. The state should be required to

1 participate on any service-sharing panels,
2 since they have resources and assets that
3 could be drawn upon to help reduce the costs
4 for the taxpayers and therefore the property
5 tax burden in each of our counties.

6 Shared-services proposals could
7 involve the state sharing its prison space,
8 office buildings, equipment, information
9 technology, records management systems,
10 publicly-generated electricity, and other
11 resources they may have available in our
12 communities. This would help to achieve more
13 significant property tax savings than local
14 partnerships alone can accomplish.

15 For example, Allegany County recently
16 entered into a multiyear shared services
17 agreement with the State Department of
18 Transportation that provides an avenue for
19 sharing or lending equipment between the
20 county and the state department. This
21 example demonstrates that it can be both
22 cost-effective and mutually beneficial for
23 the state to share services with local
24 governments.

1 Finally, on the bottom of page 20, the
2 state should consider modifications to the
3 arcane requirements within the state's
4 property tax cap calculation that places
5 barriers to the most comprehensive shared
6 services reforms when functions are fully
7 transferred from one level of government to
8 another. Currently, the one-size-fits-all
9 approach of cutting the local property tax
10 base of the entity that loses a function does
11 not consider a local budget circumstance and
12 the ability of a smaller jurisdiction to
13 absorb the loss of the tax cap growth. The
14 cap adjustment in these situations should
15 allow entities that have given up a function
16 to retain at least half of the value of the
17 function transfer.

18 Finally and lastly, easing
19 restrictions for creating health insurance
20 consortiums. We are presently awaiting
21 guidelines from the Department of Financial
22 Services, new guidelines to foster and help
23 local governments who wish to put together
24 health insurance consortiums.

1 Thank you.

2 CHAIRWOMAN WEINSTEIN: Thank you.

3 Senate?

4 CHAIRWOMAN YOUNG: Thank you. We've
5 been joined by Senator Fred Akshar, who has a
6 question. Or two, maybe.

7 SENATOR AKSHAR: Right. Thank you,
8 Madam Chairwoman. I appreciate it very much.

9 Stephen, always good to be in your
10 company and your team. I want to publicly
11 thank you for always providing me with help,
12 of course, on all things relating to county
13 government.

14 One concurring message that I hear
15 often when I am travelling in my Senate
16 district in the Southern Tier -- twofold --
17 from the everyday New Yorker is that they're
18 seeking property tax relief, and then from
19 municipal leaders they're certainly seeking
20 mandate relief.

21 So just a few questions. What is your
22 personal feeling about the property tax cap?
23 Do you think that the cap has been
24 successful?

1 MR. ACQUARIO: I think the state's
2 focus on property taxes was the right one,
3 and the property tax cap has served a very
4 important and useful purpose for New Yorkers.

5 SENATOR AKSHAR: So in 2012 when that
6 was implemented, long before I got here -- as
7 you well know, I'm only in my second year --
8 during that conversation about the property
9 tax cap, there was a pledge to provide
10 mandate relief. Has Albany provided that
11 mandate relief as proposed? Or quite frankly
12 as promised, rather.

13 MR. ACQUARIO: No, and things have
14 gotten worse since the state imposed the
15 property tax cap. The pledge was to
16 implement mandate relief to help reduce the
17 cost of mandated programs in the communities.
18 What the state did -- and we appreciate it
19 sincerely, as do the local government
20 officials -- was they capped future costs.

21 So it was cost avoidance -- that the
22 state put in place a Medicaid cap, a new
23 pension tier -- but there was never a law
24 that was passed to begin to provide true

1 unfunded mandate relief.

2 SENATOR AKSHAR: So from where you
3 sit, for the people that you -- the members
4 that you represent, is there any one single
5 issue that the people that you represent
6 would like to see the State Legislature do to
7 provide that true mandate relief?

8 MR. ACQUARIO: Well, Medicaid is the
9 largest mandate. It continues to consume
10 nearly \$8 billion -- \$2 billion upstate,
11 \$6 billion in New York City. But this is a
12 very diverse state. Wayne County,
13 Cattaraugus County -- very different than
14 Nassau, Suffolk, New York City.

15 We have very, very rural and aging
16 populations in the Southern Tier, Western
17 New York, all over the state. In the North
18 Country, there's very sparse populations up
19 there. For these communities to sustain the
20 level of Medicaid contribution that they make
21 and provide emergency public safety services,
22 recruit emergency medical personnel for
23 ambulance services, 911 services, is going to
24 prove to be very, very difficult.

1 The state should continue its focus to
2 help relieve the local share of Medicaid.

3 SENATOR AKSHAR: So if I suggested to
4 you that the state legislature, state
5 government as a whole took over the county's
6 share of Medicaid expense, would that sit
7 well with the members that you represent?

8 MR. ACQUARIO: Absolutely. The
9 proposal as it was enacted was the wrong one
10 in the 1960s. It should never have been the
11 way it was enacted in the 1960s. And in
12 2018, 2020, the fact that we're paying
13 \$8 billion into a federal Medicaid program,
14 it's just simply unsustainable.

15 Local programs will continue to
16 suffer. Our senior service programs, our
17 ability to fix our roads and bridges, provide
18 veterans' programs -- community-based
19 programs will all suffer unless we can
20 continue to focus on it.

21 It shouldn't be that we just want to
22 cap the growth. It should continue to be a
23 focus on how can the state continue to
24 address this at the local level.

1 SENATOR AKSHAR: Well, I'm a firm
2 believer, if we feel so strongly about
3 something at the state level, if something is
4 so important to us, that we should be paying
5 for it.

6 Now, I would add just one small caveat
7 to my previous question. If the State
8 Legislature acted on something like this but
9 then said to all of the county executives and
10 the respective chairs, legislators, so on and
11 so forth, that that savings had to be passed
12 on to the taxpayer dollar for dollar, do you
13 think that that would also be received the
14 same way?

15 MR. ACQUARIO: It's complicated. The
16 relationship of taxation to service and the
17 mandated function between the two units of
18 governments is very intertwined.

19 There are largely two forms of revenue
20 that we rely on, sales tax and property tax.
21 But I think if it's reasonable for the state
22 to assume that they are providing a benefit
23 to the taxpayer to reduce that local share of
24 Medicaid, then it is reasonable to expect a

1 return reduction in local taxation to help
2 the taxpayers of this state. I think it's a
3 reasonable thing.

4 SENATOR AKSHAR: So let me just --
5 Madam Chairwoman, just one more question, if
6 I may. With a savings like that or an
7 initiative like that, from your perspective,
8 how would the SALT deduction, the
9 conversation that everybody's having about
10 SALT, how would that be affected, from your
11 point of view?

12 MR. ACQUARIO: Well, first of all, I
13 commend the Governor for protecting the
14 interests of the state, and I commend the
15 State Senate in enacting legislation recently
16 in the past few weeks to implement state tax
17 code changes.

18 Whether it's -- we lost the ability to
19 deduct our property taxes. We lost the
20 ability to deduct our property taxes, our
21 income taxes up to 10,000. So the state has
22 begun efforts, putting in place programs to
23 change the state's tax code, to create a
24 payroll tax so that employers could deduct it

1 and employees would not be hurt, on a
2 voluntary basis.

3 But what's left out of this discussion
4 is this complex area of the property tax and
5 how can we help the homeowners on Long Island
6 who pay the highest property taxes in the
7 United States. And in Westchester.

8 And on a per capita basis -- Senator,
9 in your district in Broome County and in
10 Western New York, per capita -- and Wayne
11 County is the highest per capita perhaps in
12 the United States -- what's missing from this
13 discussion is the property tax.

14 The easiest way to provide true,
15 straightforward, meaningful, structural
16 long-term property tax relief is to address
17 it through unfunded mandates and to pick up a
18 mandated function that the state is mandating
19 on the local government.

20 SENATOR AKSHAR: I thank you for your
21 input and your insight on this particular
22 issue. It is my hope that we can advance
23 this issue and provide two things -- provide
24 true mandate relief to the counties, and then

1 real true property tax relief to all
2 New Yorkers. Thank you for your testimony.

3 MR. ACQUARIO: Thank you, Senator.

4 CHAIRWOMAN YOUNG: Thank you, Senator.

5 SENATOR KRUEGER: Hi. Listening to
6 your back and forth -- so just to
7 double-check, yes, we would like the state to
8 pick up the cost of Medicaid so that the
9 counties do not have to pay it. I've always
10 been a supporter of that. But you're not
11 proposing reducing services through Medicaid
12 for people, because I heard you say that
13 particularly in the upstate counties we have
14 a lot of seniors and low-income people who
15 are very dependent on these services. Would
16 that also be correct?

17 MR. ACQUARIO: That's correct.

18 SENATOR KRUEGER: Thank you.

19 MR. ACQUARIO: I'm not proposing that.

20 Thank you.

21 SENATOR AKSHAR: Neither am I.

22 CHAIRWOMAN YOUNG: Thank you.

23 CHAIRWOMAN WEINSTEIN: Thank you for

24 being here. And we do have your full

1 testimony, and we've actually shared it, as
2 all testimony has been shared with all the
3 members of the relevant committees as well as
4 the Ways and Means Committee.

5 MR. ACQUARIO: Thank you.

6 CHAIRWOMAN YOUNG: Thank you for all
7 of your input.

8 SENATOR KRUEGER: Thank you.

9 CHAIRWOMAN WEINSTEIN: Thank you.

10 Next we have the New York State
11 Conference of Mayors, Barbara Van Epps,
12 deputy director.

13 (Discussion off the record.)

14 MS. VAN EPPS: Good afternoon,
15 Chairwoman Young, Chairwoman Weinstein, and
16 members of the committee who have managed to
17 stick it out for this long. I greatly
18 appreciate you being here. I know it's been
19 a long day.

20 I too am going to try desperately to
21 summarize. You have copies of the testimony,
22 I won't go through the whole thing, but I'm
23 just going to try to touch upon some of the
24 high points.

1 I do want to start by talking about
2 the shared-services initiative, because it's
3 gotten a lot of attention. Shared services
4 in general has gotten a lot of attention over
5 the last few years, and today there's been a
6 fair amount of focus on it.

7 And we do spend the first couple of
8 pages of our testimony talking about this
9 initiative, and I just want to be clear.
10 It's not that we don't think that getting
11 together and talking as groups of local
12 government officials is not worthwhile,
13 because clearly it is. What we're trying to
14 say is we think local officials have been
15 doing that for years.

16 We have proof that they have been
17 doing that for years. There's numerous
18 shared-services arrangements that have been
19 in place for decades. So it's not that we
20 don't think the initiative is worthwhile, we
21 just don't think it has to be mandated at
22 this point, especially when the money is
23 going to go away after the first two years.

24 That state match money is only for

1 those initiatives that you are able to
2 implement in the subsequent year, and I would
3 argue that some of those proposals -- and
4 that's all they are right now, are
5 proposals -- you may not have the opportunity
6 to implement in the next two years, and then
7 that money goes away.

8 So it's not that we don't think it's
9 worthy of getting together and talking about
10 share services. But when you look at the
11 results of the 34 plans that were put into
12 place in 2017, and these -- I put the data in
13 the testimony -- \$128 million, or 62 percent
14 of the \$208 million estimated savings, is
15 from one proposal. And that's a proposal
16 that has been a long time in the making.

17 And then 74 percent of the total
18 estimated statewide savings comes from just
19 five of the remaining 389 proposals. That
20 doesn't mean these proposals are not
21 worthwhile, because even the smaller
22 proposals are probably something we should be
23 thinking about.

24 All we are saying is that these

1 initiatives are tinkering around the edges of
2 property tax relief. And we don't think that
3 this initiative by itself is a game changer.
4 So it's not that we don't think it's worthy,
5 we just don't think it needs to be mandated
6 at this time.

7 So I wanted to address that, and we
8 can talk more about it if you'd like,
9 Assemblyman Magnarelli.

10 What we do think is a game changer,
11 though -- well, some things you can be doing
12 prior to making this a permanent proposal in
13 relation to shared services. Number one is
14 removing some of those barriers, and they are
15 identified in that same Rockefeller Institute
16 report.

17 The Governor has already started to
18 talk about getting the Department of
19 Financial Services to look at how to better
20 facilitate the sharing of health insurance
21 services, particularly through Article 47 of
22 the Health Insurance Law. We think that is
23 worthy of looking at. It will help a lot of
24 our smaller communities.

1 Every community in the state is
2 struggling with health insurance costs, so we
3 do think that is something that is worth
4 looking at. We also strongly suggest that if
5 you're going to push this initiative, that
6 school districts have to be involved. School
7 district property taxes are 70 percent, on
8 average, of the tax bill, so why would we not
9 require school districts to take part in this
10 initiative? Whether it's the school
11 districts on their own working together --
12 because sometimes it doesn't work when school
13 districts and local governments come
14 together -- but somehow the school districts
15 have to be required to participate. We think
16 that makes sense.

17 And then finally, an issue that was
18 brought up earlier by Assemblyman McDonald is
19 this problem with the tax cap, that there's a
20 disincentive there when you transfer a
21 function from one community to another: Your
22 tax cap actually gets lowered. If you're the
23 local government that's giving up that
24 service and giving it to another community to

1 take that service on for you, you actually
2 lose room underneath your tax cap. And we
3 think that acts as an disincentive to shared
4 services.

5 So I would say those things you can
6 focus on, and that will help make shared
7 services work even better than we think that
8 it already does. But in terms of what we do
9 think is a game changer and what we do think
10 makes a major difference in property taxes is
11 an increase in AIM funding.

12 As you know, we have not gotten an
13 increase in AIM funding in 10 years. We have
14 data that illustrate that when we do get
15 increases in AIM funding, or when we did get
16 increases in AIM funding, there were
17 reductions in the property tax.

18 So we think that cities, towns, and
19 villages -- and even the City of New York,
20 who got completely wiped out of the program
21 several years ago -- need to have a
22 significant increase in AIM funding. Just as
23 annual increases in school aid help school
24 districts comply with the tax cap, we need

1 annual increases in AIM funding to help us
2 comply with the tax cap.

3 Since 2008-2009, since the time we got
4 an increase in AIM funding, school aid has
5 increased by more than \$5 billion, which has
6 well exceeded the rate of inflation. And we
7 always like to point out that the amount of
8 the school increase in any given year exceeds
9 the entire amount of the AIM program, and we
10 just think that local governments have to be
11 given the same consideration. And this newly
12 imposed cap on the federal deductibility of
13 state and local taxes makes AIM funding even
14 more imperative.

15 So once again, we are asking for your
16 support in this regard. You've heard it from
17 all the big cities today: AIM funding is an
18 essential part of helping us reduce our
19 property taxes.

20 We talk a little bit about the state
21 share of funding municipal infrastructure.
22 There has certainly been a greater emphasis
23 put on infrastructure, everything -- roads,
24 bridges, water, sewer. We absolutely think

1 that's warranted and reasonable. However,
2 you can see in our testimony that our
3 municipal needs far outweigh what has been
4 provided by the state.

5 The \$65 million that we got in
6 addition to the -- for the pothole money, if
7 you will, that was added to the CHIPS last
8 year was not put back in the budget this
9 year. We would like to see that \$65 million
10 come back, and then even additional CHIPS
11 money.

12 There's a huge amount of money,
13 \$2.5 billion over the next five years,
14 dedicated to water and sewer infrastructure.
15 The problem is there are so many programs
16 that that money goes to, and we're not sure
17 if a lot of the local governments that need
18 it are even going to be able to access that
19 money. So we're actually suggesting that you
20 look for something similar to the CHIPS
21 program that you can run money through to
22 give to local governments for their water and
23 sewer infrastructure.

24 I make a little plug for our arterial

1 maintenance in my testimony. I won't talk
2 about that now, but that's the program where
3 cities take care of state roads. And they
4 haven't gotten an increase in their
5 reimbursement rate in two decades, and we're
6 looking for an increase for that.

7 In terms of non-property tax revenues,
8 this is important to local governments,
9 particularly cities and villages who don't
10 have a lot of non-property-tax-revenue
11 options available to them. It's really just
12 the sales tax and the gross receipts tax. So
13 obviously we're very supportive of the
14 Governor's proposal to have the internet
15 sales tax, which would generate about
16 \$140 million in local sales tax revenue.

17 Obviously our cities and villages are
18 sometimes subject to the county sharing
19 agreements, but we think an increase like
20 that will certainly trickle down to our
21 communities.

22 The other initiative that we strongly
23 support is the proposal to eliminate the
24 sales tax exemption on the transmission and

1 distribution of gas and electricity when
2 purchased by an ESCO.

3 But I have to say that our bigger
4 issue with the ESCO is the one you heard
5 about today from the mayor of Rochester,
6 which is that the ESCOs are not paying the
7 local gross receipts tax. Tax & Finance has
8 issued an opinion saying they should be
9 paying the local gross receipts tax, but they
10 are not.

11 And in addition to the communities
12 that are in the NYSEG and RG&E territory,
13 NYSEG and RG&E have now taken the unique
14 position that they aren't going to pay the
15 local GRT if an ESCO is involved. So they're
16 not paying it on the distribution anymore
17 anytime an ESCO is involved.

18 So we have seen very significant
19 declines in our gross receipts tax revenues
20 across the state, but particularly in those
21 NYSEG and RG&E areas. We went to the PSC, we
22 have asked them for help with this. We've
23 gone to Tax & Finance, they told us it was a
24 locally administered tax and they couldn't

1 help with this.

2 So now we're asking you. And
3 Assemblyman McDonald has put a bill in that
4 will hopefully address this issue. But this
5 is a real concern. And the same reasons why
6 the Governor rationalizes the proposal that
7 would have them eliminate -- or have them pay
8 the sales tax, those are the same reasons
9 they should be paying the local gross
10 receipts tax as well, same rationale.

11 I want to spend a little bit of time
12 talking about the small cells language,
13 because this is a huge issue for us. You
14 heard it from some of our city mayors today.
15 This would negatively impact all
16 municipalities by giving wireless providers
17 unfettered access to our municipal
18 right-of-way. It's going to limit our
19 application fees, it's going to limit our
20 rental fees -- they put a shot clock in the
21 language that we think is -- we are going to
22 be unable to comply with.

23 We have some real concerns about this
24 language. We think what municipalities are

1 charging is the market value or
2 reflects actual costs. We're not sure if
3 there's a one-size-fits-all solution that
4 will work to resolve this, but clearly the
5 language in this budget is not what we think
6 will help.

7 There's no state financial plan impact
8 as a result of this proposal. So we would
9 strongly recommend, if this is something that
10 people are interested in trying to work out,
11 that we pull it out of the budget, maybe get
12 all the relevant parties around the table and
13 hopefully sit down and see what we can work
14 out. But the language that's in the budget
15 right now we think will have significant
16 negative impacts on the revenues for
17 communities across the state.

18 Just very quickly, the expansion of
19 the state's MWBE requirement -- we are
20 concerned about that. It's not that we are
21 not supportive of our minority- and
22 women-owned businesses, but we think there
23 are certain areas of the state where this
24 will be impossible to comply with. And we

1 also think that this will encourage the
2 awarding of contracts based on criteria other
3 than cost and the quality of the bid, which
4 obviously concerns us.

5 There's a local code enforcement
6 initiative in the Executive Budget which
7 would require our local code enforcement
8 officers to periodically inspect high-risk
9 lead paint areas in residential rental
10 properties at certain times, and these
11 certain times would include when you have to
12 issue a certificate of occupancy, or in
13 response to complaints.

14 This goes beyond what the local
15 requirements are in state statute right now.
16 We absolutely recognize the importance of
17 dealing with lead paint, but this new
18 requirement, because it would be a
19 significant expansion, would also be what we
20 consider to be an unfunded mandate.

21 You talked ad nauseam this morning
22 about the value-capture intercept of local
23 property taxes that is happening with the MTA
24 or was proposed to happen with the MTA board,

1 to intercept New York City property tax
2 revenue. I just want to say that we
3 absolutely believe this is a violation of
4 local home rule, and we think it's a very
5 slippery slope to go down with local
6 governments. And so we join the City of
7 New York in strongly opposing such an
8 unprecedented granting of power to a state
9 authority at the expense of a local
10 government.

11 One thing I don't think you heard
12 about today that we're very happy about is
13 there is a mandate relief proposal in the
14 budget on the interest rate on judgments that
15 would tie the interest rate on judgments to
16 the market rate, as opposed to the fixed rate
17 that it currently is at 9 percent. We think
18 that the requirement to pay interest on
19 judgments is certainly fair and equitable,
20 but having an unchanged fixed rate is not.

21 This will reduce delays, it will
22 encourage appeals when you think you have a
23 good case, and it also saves money for the
24 state as well as local governments. So that

1 is one proposal we are very supportive of.

2 CHAIRWOMAN WEINSTEIN: Excuse me. Can
3 you summarize the rest of remarks?

4 MS. VAN EPPS: Yeah, yeah, my -- I'm
5 on my last issue.

6 I just want to -- we agree with the
7 mayor of Syracuse's proposal about the opioid
8 surcharge. We would love to see -- I think
9 that a portion of that should come to local
10 governments. They're on the front lines
11 fighting this epidemic. If you have to raise
12 the surcharge to do that, we would certainly
13 support that, because I know that's a
14 financial plan, in fact, to give a portion of
15 that to us.

16 And that's all I was going to touch
17 upon.

18 CHAIRWOMAN WEINSTEIN: Great. Thank
19 you.

20 Assemblyman Magnarelli, chair of our
21 Local Governments Committee.

22 ASSEMBLYMAN MAGNARELLI: Well, I just
23 wanted to say thank you for being here. And
24 I think that your comments are, you know,

1 self-explanatory at this point in time.

2 You've heard what I've been asking
3 about, especially on shared services.

4 MS. VAN EPPS: Yeah.

5 ASSEMBLYMAN MAGNARELLI: I think it's
6 kind of obvious that the Governor continues
7 to push in that direction. I understand your
8 comments, and we've talked about it before,
9 and I look forward to continue the
10 conversations over the next couple of months.
11 Okay?

12 MS. VAN EPPS: Yes, we do as well.

13 ASSEMBLYMAN MAGNARELLI: All right,
14 thank you.

15 CHAIRWOMAN YOUNG: I don't think we
16 have any questions, but we appreciate you you
17 testifying today.

18 MS. VAN EPPS: Okay.

19 CHAIRWOMAN WEINSTEIN: Thank you for
20 being here today.

21 Next we have the Association of Towns
22 of the State of New York, Gerry Geist,
23 executive director.

24 MR. GEIST: May I proceed?

1 CHAIRWOMAN WEINSTEIN: Yes, please do.

2 MR. GEIST: Good afternoon. Thank
3 you, Madam Chairwomen. My name is Gerry
4 Geist. I'm the executive director of the
5 Association of Towns. With me on my left is
6 Supervisor Denny Powers, from the Town of
7 Elma, County of Erie, our fifth vice
8 president. And our chief counsel, on our
9 right, is Lori Mithen-Demasi.

10 We are not going to read our
11 testimony. You all have it. And I first of
12 all want to thank all of you for continuing
13 to understand and respect the importance of
14 local government in New York State. And I
15 want to start off, speaking on behalf of our
16 9 million New Yorkers who live in towns, that
17 our voice is important. And I want to touch
18 on a couple of things.

19 With respect to the shared services,
20 Supervisor Powers will talk about the local
21 impacts, but I want to say two things about
22 where we are.

23 I want to acknowledge that the
24 Legislature made some positive changes to the

1 Governor's proposal last year. We welcome
2 that. And it gave the towns a stronger voice
3 in the undoing process.

4 However, we don't believe the
5 Governor's new proposal should be accepted by
6 you folks, because we don't believe it should
7 be made permanent, because the program isn't
8 finished. You've heard testimony that 23
9 counties have yet to submit plans, and we
10 don't even know the -- the valuations haven't
11 been conducted, the program hasn't been
12 completed. Before we make something
13 permanent, let's study how it works and what
14 we could do to make it better.

15 However, by saying that, I would say
16 this. We could do a lot better spending this
17 legislative year focusing on removing
18 barriers to shared services instead of adding
19 additional administrative layers -- unfunded
20 mandates -- for this shared services program.

21 I did testify earlier this year about
22 one example, school crossing guards. We
23 can't do shared-services financial agreements
24 with school districts because of impediments

1 to state laws. So rather than making this a
2 permanent program, we want to come up with
3 finding positive ways to save taxpayers
4 money, and we think removing barriers makes
5 the most sense.

6 CHIPS and AIM. Every year we come
7 here and the press reports it as Tin Cup Day.
8 We like to think today it's time for a
9 change. Let's call it Support Local
10 Government Day, because we do more for our
11 residents, we're the closest government to
12 the people, and we respond to their essential
13 needs and services.

14 We need an increase in AIM funding so
15 we can reduce property taxes, and we need
16 increases in CHIPS. You all drive on our
17 roads, you can see the potholes and
18 crumbling. We need real, permanent
19 additional funding. We haven't had it in
20 years. Please help us this year meet those
21 goals.

22 Now, you've heard some comments about
23 this right-of-way that the mini cell
24 infrastructure -- you know, into the

1 right-of-ways. We have real concerns about
2 this because, first of all, it flies in the
3 face of home rule because it has limitations
4 with the permits and reasonable fees. Not
5 only that, it bypasses local decision-making.
6 And because of these caps, it will also hurt
7 the property taxpayer because we won't get as
8 much revenue as we normally do.

9 And I ask you folks to look at how
10 California treated this program last year
11 when the California governor, Jerry Brown,
12 opposed it and said this is not the right way
13 to handle this problem, we should work
14 collectively, not just outright eliminate the
15 ability of local governments to work in this
16 area.

17 Also something to be considered in
18 this area is the Highway Department, that
19 some of these proposed regulations, you know,
20 do away with the importance of the highway
21 superintendent in controlling what happens in
22 the right-of-way.

23 So that's not -- this is not a good
24 proposal for towns. No pressing need for

1 this statewide policy yet.

2 We do want to thank the Governor for
3 his proposal on the justice court reforms.
4 It will make it easier for shared services
5 between justice and consolidating courts.

6 But there's a caution. In his message
7 he also talked about planning and zoning and
8 giving the counties additional authority in
9 these areas without a lot of detail. We
10 think that that goes too far, it imperils
11 home rule, and we ask you to be cautious when
12 you review those proposals.

13 We would like to be part of the
14 solution and help work out all these issues
15 dealing with shared services in the future.

16 Tax reform, property taxes. We are
17 very supportive and applaud the Governor for
18 taking stands to protect all New Yorkers.
19 But we want to make it a simple system so
20 that it doesn't ask each municipality around
21 the state to create its own charitable entity
22 and having all this. We think it should be a
23 statewide policy rather than having
24 individual towns try to do it alone. We

1 think it can work. We want to be a partner,
2 we want to be at the table.

3 One last thing and I'm going to turn
4 it over to Supervisor Powers, in the
5 interests of time.

6 On the lead paint issue, we just heard
7 from NYCOM about that. We are concerned
8 about imposing additional obligation on code
9 enforcement officers. They don't have the
10 training. To get the extra training, it
11 would cost money.

12 We're also concerned, honestly, about
13 the liability of the town when we send out
14 officials when they're working for
15 essentially the State Health Department. We
16 are very concerned about the issue of lead
17 paint, but we think this proposal is flawed
18 and needs a lot of work. We'd like to be
19 part of the solution.

20 And lastly, AOT, the Association of
21 Towns, is celebrating its 85th anniversary
22 this year. We continue to train and educate
23 our officials, and thank you for your past
24 support and look forward to working with you

1 in this legislative year.

2 And now, Supervisor Powers.

3 SUPERVISOR POWERS: Thank you. Thank
4 you, Gerry. And thank you for allowing me to
5 address the Legislature today.

6 Briefly, just a couple of comments and
7 then I would certainly like to have some
8 questions from the legislators as it pertains
9 to a local government, the Town of Elma in
10 Erie County, population of roughly 11,300.

11 We've been sharing services for the
12 last 50, 60 years. We have an agreement with
13 neighboring towns, whether it is a written
14 agreement or just a handshake agreement, that
15 we do recreation, we do the roads in the
16 three municipalities adjacent to our town.

17 Sharing services we initiated about --
18 I think it was 2009 we started sharing an
19 assessor with the neighboring town of
20 West Seneca. And since that point, several
21 other towns in Erie County have taken it upon
22 themselves to do just that, sharing
23 assessing. And it's a savings for both towns
24 of West Seneca and Elma of about \$50,000 a

1 year.

2 The Legislature would like to see, I
3 understand, a collaborative and inclusive
4 process. And I think we do that at this
5 point. We have a monthly meeting of the
6 Association of Erie County Governments that
7 meets, and we -- nonpartisan. We discuss
8 shared services and have implemented several
9 of those.

10 We also have a supervisor summit
11 meeting held monthly in the Town of Elma with
12 15 to 18 supervisors that attend that
13 meeting. And we, you know, banter back and
14 forth about how we can help each other.

15 So we are doing everything we can to
16 share services. It is important. I don't
17 believe it should be made permanent, though,
18 until it's fully evaluated. As was
19 previously stated, I think that there are
20 initiatives, there's proposals out there that
21 towns and villages have said they're going to
22 do. We'd like to see that those come to
23 fruition before the Governor says making this
24 thing permanent.

1 So with that, I would entertain any
2 questions from the Legislature.

3 CHAIRWOMAN WEINSTEIN: Thank you.
4 Assemblyman Magnarelli.

5 ASSEMBLYMAN MAGNARELLI: Thank you
6 both, or thank you all of you for being here.
7 I appreciate your testifying here today.

8 Mr. Geist, the one thing that I want
9 to reiterate -- and you have testified before
10 this year, so a lot of these things we've
11 talked about already.

12 MR. GEIST: Yes, sir.

13 ASSEMBLYMAN MAGNARELLI: However,
14 you've mentioned it twice, and it's something
15 that I would like to hear from you on, and
16 that's what regulations are impediments to
17 shared services, whatever there is out there.

18 You know, a number of years ago I sat
19 on a mandate relief committee or council that
20 the Governor had put together, and I remember
21 businesses telling me that there were so many
22 regulations that were impeding their growth.
23 And if we could get rid of them, that would
24 be fine. And I remember going all across the

1 state sitting at meeting after meeting after
2 meeting, and what I heard from was the school
3 districts. And I got almost nothing in terms
4 of what are the regulations that are impeding
5 what we were trying to do or that were
6 creating the mandates at that point in time.

7 So what I would like to hear from you
8 is, show me what it is that you need relief
9 from and let's take a look at it. I'm not
10 going to promise you that we're going to do
11 it, but on the other hand, I'd like to at
12 least be able to know what are the
13 impediments to shared services that you see.

14 MR. GEIST: Assemblyman, thank you for
15 your question. I know for years you've been
16 talking about this, and we appreciate your
17 commitment to trying to understand the
18 process and trying to ameliorate these
19 issues.

20 I mentioned before about the school
21 crossing guards.

22 ASSEMBLYMAN MAGNARELLI: Right.
23 That's one.

24 MR. GEIST: And there's a great report

1 by Cornell University, "Barriers to
2 Intermunicipal Service." I can leave that
3 with you --

4 ASSEMBLYMAN MAGNARELLI: Okay. That
5 will be a start.

6 MR. GEIST: -- from Professor Warner.

7 The other thing I just want to share
8 with you, just -- if I can, it'll be real
9 quick. In my town, we had a problem with the
10 school district. When I was a town board
11 member, we wanted to create a shared wash bay
12 facility that would take care of trucks for
13 the highway department and for the school
14 buses, to get the salt and other elements off
15 of them.

16 ASSEMBLYMAN MAGNARELLI: Right.

17 MR. GEIST: It required a majority
18 vote of the town board, which we did
19 unanimously, but it required a separate
20 plebiscite vote of the school board, and it
21 didn't make it during -- on those budgetary
22 years.

23 So we think that's an example where if
24 the school board could have just voted

1 without a plebiscite, then that might have
2 made it easier and we could have saved all
3 the taxpayers money.

4 So that's another example that I would
5 like to give to the Assemblyman and the
6 committee to, you know -- we'll be more than
7 happy to share these ideas with you.

8 ASSEMBLYMAN MAGNARELLI: I wish you
9 would, because these are things I'd like to
10 really take a look at and see what we can do.

11 MR. GEIST: There are other ones, of
12 course. But we think that a lot of our folks
13 would really -- this is what we hear from our
14 members, that they really want these barriers
15 removed, make it easy so we can do more.

16 ASSEMBLYMAN MAGNARELLI: Okay. Thank
17 you.

18 CHAIRWOMAN YOUNG: Thank you.

19 CHAIRWOMAN WEINSTEIN: Assemblyman
20 Buchwald.

21 ASSEMBLYMAN BUCHWALD: Thank you,
22 Madam Chairwoman, and my constituent Gerry
23 Geist, who I --

24 ASSEMBLYMAN OAKS: The mic is not --

1 ASSEMBLYMAN BUCHWALD: It's still off?

2 All right, we'll give that one a try. Thank
3 you, everyone, for your patience.

4 I'd like to welcome everyone for your
5 testimony, but especially my constituent
6 Gerry Geist, who I had to walk out on a
7 meeting of the Local Governments Committee
8 earlier this year just before he was going to
9 testify. So I'm glad I'm not making the same
10 mistake twice.

11 My questions first relate to shared
12 services. First, the written testimony
13 refers to the legislative proposals to allow
14 counties to open up their self-insured
15 insurance plans to local towns and
16 municipalities to participate. I seem to
17 recall that perhaps the Governor's included
18 some version of this sort of proposal in
19 his -- what he's put out there so far this
20 year.

21 To what extent does the Governor's
22 proposal match, in your understanding, the
23 needs of towns?

24 MR. GEIST: Thank you, Assemblyman.

1 It's a pleasure to appear with my Assemblyman
2 today as well. And thank you for your great
3 service to our district and for the state.

4 To answer your question, yes, we are
5 very supportive of the Governor's initiative
6 in the healthcare -- anything we can do to
7 save money in a reasonable, pragmatic,
8 functional way, this is what our member towns
9 want to do. And we're very supportive of
10 those efforts. So we would like to have that
11 ability to do that.

12 ASSEMBLYMAN BUCHWALD: If I could also
13 ask a big-picture generic question. One of
14 the challenges that occasionally I've met,
15 and I'm sure a number of my colleagues have
16 who are -- either because they have
17 backgrounds in local government or just a
18 passion for empowering local governments --
19 when it comes to unfunded mandates, obviously
20 there are things that organizations like
21 yours and the Conference of Mayors and others
22 request, but we {inaudible} at individual
23 towns. And sometimes the feedback that we'll
24 get from folks in individual towns focused on

1 reducing mandates is that, well, it's not
2 enough to just focus on the things that the
3 associations are pushing for, because what
4 matters to them on some level is what saves
5 money in their own town.

6 What work does your association do to
7 try to convey to your constituent member
8 towns that this is a collective endeavor, at
9 least on your part, let alone those of us who
10 try to work on your behalf, to meet the needs
11 of towns around the state so that -- you
12 know, to provide legislators a feedback of
13 "what have you done for me lately" isn't
14 necessarily -- let's put it this way. If
15 each town is in it for its own self, you're
16 not as likely to accomplish things as you
17 would collectively, which of course is the
18 purpose of your own organization.

19 MR. GEIST: That's a great question.
20 One of the great things about my job as
21 executive director, I can travel around the
22 state. And we do many, many training and
23 education conferences a year. Our largest
24 one is coming up in two weeks. And what we

1 do is we use that as an opportunity to hear
2 from our members about how we can work
3 together to present to you as a legislator
4 our platform and ideas to help.

5 You've been quite helpful in the area
6 of election reform, I just want to mention
7 this. The Governor has talked about the
8 early voting process. The only thing that I
9 want to -- it's in our testimony -- we're
10 very supportive of your efforts. We would
11 like the state to start considering lowering
12 the cost to localities for early voting by
13 considering the adoption of things like the
14 Oregon absentee ballot. They don't have
15 polls, and they just get a 92 percent voter
16 turnout. I think it's something that we have
17 to be really -- to think outside the box.
18 And I know you always have been looking for
19 ways to save costs in special elections. We
20 thank you for that.

21 The other thing we've been hearing
22 about from our members collectively is the
23 justice court fees for processing tickets.
24 That fee hasn't been raised in years. We

1 really do the state's work. We're not asking
2 for the state to give us money back from
3 their surcharge, but we're asking for the
4 right to impose a small fee because we're --
5 the cost of running those courts, the extra
6 requirements, the workload. That's something
7 that we hear.

8 But to answer your question, we
9 carefully craft our message to the State
10 Legislature based upon input from a very
11 diverse membership. You heard from
12 Supervisor Powers; he's one of our team. But
13 we hear from all our constituents, and that's
14 what we strive to do every day.

15 ASSEMBLYMAN BUCHWALD: If I could, for
16 my last question, just with regards to the
17 impact of federal tax reform and the loss or
18 capping of state and local tax deductions.
19 To what extent are your member towns open to
20 being authorized to, in some form or another,
21 collect property taxes through a new
22 mechanism, say a charitable contribution or
23 otherwise, in a way that would save your
24 residents significant federal income taxes?

1 MR. GEIST: I thank you for that
2 question too.

3 As a resident of Westchester County,
4 according to the comptroller's report, the
5 average SALT deduction for a Westchester
6 resident is \$51,000. So this is a
7 significant issue not only for downstaters
8 but all people around the state. And we're
9 very supportive of any effort to help people
10 preserve their deductions. Because honestly,
11 if we don't do something, we're going to lose
12 people out of the state, and property values
13 are going to decrease, which would negatively
14 impact our town budgets and schools.

15 So in specific answer to your
16 question, we would be very supportive of
17 creating an entity to -- whether it's a
18 charitable fund -- to help people with their
19 property taxes. The only thing we ask for
20 with that is it should be a statewide system
21 so we don't have to create this on 932 towns
22 and 500 villages. We want it to be statewide
23 and have the state be, as part of that
24 legislation, be required within, say, 30 days

1 to remit the money to the appropriate school
2 district or municipal function.

3 I think it can be done. If you
4 already look at the New York State income tax
5 form, you have to put your school district on
6 that form. You know, there's a code. Farm
7 Hills is 023 or whatever the number is. So
8 it's a system in place, it's workable. We
9 want to be a partner. We want to work, we
10 want to help. And we really need to protect
11 New Yorkers. This -- changes in the tax law
12 negatively impacts the entire State of
13 New York, and we want to work to help
14 ameliorate those risks.

15 ASSEMBLYMAN BUCHWALD: Thank you all.

16 CHAIRWOMAN WEINSTEIN: I think that's
17 it. Thank you so much for your testimony
18 here today.

19 CHAIRWOMAN YOUNG: Thank you for
20 coming.

21 SENATOR KRUEGER: Thank you very much.

22 MR. GEIST: Thank you.

23 SUPERVISOR POWERS: Thank you very
24 much for your time and consideration.

1 CHAIRWOMAN WEINSTEIN: So the next --
2 for the next witnesses, we begin our policy
3 of asking people to summarize, in five
4 minutes, their testimony. We have it. We've
5 had it emailed to all of the members of the
6 Ways and Means Committee and the relevant
7 committees. And that would also leave us
8 time to be able to ask questions.

9 County Exec George Latimer, from
10 Westchester County. Welcome.

11 SENATOR KRUEGER: Welcome back.

12 COUNTY EXECUTIVE LATIMER: Good
13 evening. It's a pleasure to be back, at
14 least for one session. And as both
15 Assemblymember Weinstein and Senator Young
16 are conducting a very long and drawn-out
17 process, I will bullet the report that you
18 have in front of you, answer any questions if
19 you have them, and then certainly am
20 available at any future point in time to
21 discuss any of these things.

22 I do appreciate you taking the time.
23 And again, I'm very happy to be back with
24 friends and colleagues.

1 Westchester County is representative
2 of many of the 57 counties outside of
3 New York City. I have a number of issues
4 that are addressed in this budget, to touch
5 on them very quickly. I think the one that's
6 been -- and all of these have been discussed
7 already in the testimony of Steve Acquario,
8 and in many ways comparable to the
9 testimonies of the NYCOM and Association of
10 Towns testimony.

11 We're very interested, on the bottom
12 of page 2, in whatever strategies are
13 developed at the state to deal with the SALT
14 deduction exemption. Obviously, our county
15 is going to be hit very hard, residents of
16 our county are going to be hit very hard by
17 this. We understand that the state is
18 looking at a variety of different creative
19 ways to deal with this. I do think it makes
20 sense to do it on an as-broad-as-possible
21 basis so that those of us in the county and
22 any other government can plug into whatever
23 that strategy is. We look forward to what
24 the Legislature might settle on in that area.

1 We wanted to highlight that in
2 Westchester County, our mass transit system,
3 our bus system, is the largest in New York
4 State outside of the MTA-New York City
5 transit system. We have almost 30 million
6 riders each year, and 103,000 people every
7 weekday, and it does interface with the New
8 York City subway system and it does connect
9 into neighboring counties of Rockland and
10 Putnam County.

11 We have an annual STOA aid allocation
12 of \$56 million. When we compare it to Nassau
13 County, theirs is \$67 million with a smaller
14 system. It puts us in the position of asking
15 to try to make that allocation equal over the
16 course of the next few years. And our ask
17 this year is an increase in STOA aid to
18 Westchester of \$5 million. That does not
19 make it directly equal, but we think it's
20 justified by the ridership and the fact that
21 our riders feed into the New York subway
22 system and the Metro-North train system, both
23 of which are important revenue streams in
24 order to fund the greater MTA system.

1 On Raise the Age, obviously we're
2 working to implement the program that I had
3 the pleasure of voting with you for last
4 year. We think it's very important. If
5 DASNY has the ability to bond money and lay
6 money out up front, that would be very
7 helpful, because cash flow is an issue and
8 it's a little more difficult for us to be
9 able to do some of the things we need to do.

10 We have initiated conversations with
11 Rockland County. We intend to do the same
12 with Putnam County, in this concept of shared
13 services, to see if whatever we do on a
14 capital basis would allow for equivalent
15 facilities at other counties around us to
16 also benefit from. So it would be a
17 shared-services approach. We've yet to do
18 that.

19 We agree with NYSAC, and I understand
20 there's some other alternative advice you've
21 been given from other associations. But we
22 do think that the shared services panel
23 program should be made permanent.

24 Westchester did not aggressively go

1 into this program a year ago. We intend to
2 do so this year. And we think it's a matter
3 of necessity. We really don't have the
4 ability to continue to fund things the way we
5 do. And when we look with our towns and our
6 cities and our villages to try to find those
7 areas of shared services, we will try to be
8 as thorough and as aggressive as we can.

9 But we want to be able to operate on a
10 multiple-year projection. So that if we
11 think it's going to take a few years to find
12 these savings, that we know that we have the
13 reliability of the program being in place.

14 The next bullet we highlight is the
15 Joseph P. Dwyer Peer-to-Peer Mentoring
16 Program for former servicemen and -women who
17 suffer from posttraumatic stress disorder.
18 The budget does not include funding for this
19 critical initiative, and we ask that you
20 restore the 2018 funding level for that
21 program.

22 There's much discussion about voting.
23 Obviously early voting is a position that I
24 have supported as an individual legislator

1 previously. I support it in our current
2 capacity. And our ask here is that if this
3 does in fact move forward, that there be
4 resources to fund it because it will make the
5 process of funding elections more expensive,
6 and that will not be able to be borne by the
7 county government on our own.

8 We support the closing of the internet
9 sales tax loophole, for reasons that were
10 outlined already by prior speakers. And it's
11 not merely because we need the revenue. We
12 also think it creates a level playing field
13 with the bricks-and-mortar businesses that
14 are important contributors already to the
15 sales tax, which is our number-two revenue
16 behind property taxes. And it also defines
17 our downtowns and the viability of our
18 communities to have bricks-and-mortar
19 businesses operate. And obviously on the
20 internet you have a tremendous advantage of
21 convenience that's built into it, but then
22 the lack of taxation on that gives it a
23 second advantage, so that we're seeing a
24 significant shift.

1 Not in my report, but just to bullet,
2 we would support some of the testimony that
3 you heard from NYSAC. We oppose the
4 redefinition of the "dark store" theory of
5 big box stores. We would like to see you
6 restore the funding cuts to the community
7 college system, both the state and in our
8 case, our county are cofunders along with
9 tuition revenues for our community college.

10 The public health grant funding we
11 hope will be restored as part of this
12 process. Restoration of funds for the
13 transfer of state-ready inmates. And also we
14 support the Governor's reforms to Early
15 Intervention programs.

16 That is as fast a summary as I can
17 give you, given the fact that you've been
18 here all day and I have been through this
19 with you before. So if there are any
20 questions, I'm happy to address them.

21 CHAIRWOMAN WEINSTEIN: Thank you.

22 Assemblyman Buchwald.

23 ASSEMBLYMAN BUCHWALD: Thank you.

24 And thank you, Mr. County Executive.

1 It's a pleasure to have you here on the other
2 side of the dais.

3 You referenced in your comments the
4 shared-services initiative. Can you go into
5 a little bit more what would give our fellow
6 residents of Westchester County confidence
7 that more savings will be found this year
8 than last year?

9 COUNTY EXECUTIVE LATIMER: Well, I
10 think the first thing is attitudinal. We
11 think it's essential that we have those
12 shared services. And I've met with Suffolk
13 County Executive Steve Bellone, who put out
14 perhaps the most robust program for any of
15 the large counties. So we're trying to see
16 exactly how they structured theirs and
17 pattern on it.

18 What I would hope, at 100 miles an
19 hour, is that we can create, to use a very
20 bad analogy, a menu which would allow our
21 local governments to look at the ability to
22 connect with the county or with each other on
23 a particular service, be it police services
24 or back of the house accounting assessment

1 services, and have a price tag attached to
2 it. And that price tag in theory would be
3 less than what they're paying now to do the
4 service on their own. So in theory, it would
5 be a financial incentive to do this if we can
6 create that, analyze that and create that in
7 an intelligent fashion.

8 I'm not particularly worried if at the
9 end of the day the county tax levy increases,
10 if the aggregate between the town, village or
11 city tax levy decreases because of this and
12 the net result is less paid for by the
13 taxpayer. Then I'm not going to hold out
14 just one level of government's tax levy as
15 being the important one.

16 But to be honest with you,
17 Assemblyman, we have a long way to go. This
18 is our 36th day in office. And we know what
19 our philosophy is, and now we have to try to
20 make it real enough so that it has substance
21 for the local governments to look at. And
22 then as we prepare, in essence, an amendment
23 to the report that was done last year by
24 Westchester County, then the state executive

1 branch will look at that and hopefully
2 they'll find it to be a more realistic
3 attempt, and hopefully that will allow us to
4 have the ability to tap into some of the
5 money that's been set aside in this budget to
6 support these initiatives.

7 ASSEMBLYMAN BUCHWALD: I certainly
8 think -- I probably speak for my Westchester
9 state legislative colleagues saying that if
10 there are things that the county and its
11 constituent municipalities would like to do
12 that current law doesn't allow, we're more
13 than willing to have that dialogue with other
14 constituent groups to make sure that our
15 government is run as efficiently and
16 productively as possible for the assistance
17 of our county.

18 With that, thank you again for your
19 time. And Chairwoman, I yield back my extra
20 time.

21 COUNTY EXECUTIVE LATIMER: Thank you.
22 I appreciate that.

23 And I just wanted to say that I think
24 what Assemblyman Magnarelli asked previously

1 is really the task of all of us who are in
2 local government now, to be extremely
3 specific when we come before the state
4 government about what we're asking for, that
5 that specificity be something that makes
6 logical sense and actually has dollars and
7 cents benefit to it. I think that's a
8 realistic ask, and that's what our task is,
9 to try to do that for you and for my other
10 colleagues who represent Westchester here in
11 the State Legislature.

12 SENATOR KRUEGER: Thank you.

13 Senator John Brooks.

14 SENATOR BROOKS: Thank you, Madam
15 Chairman.

16 First, congratulations and welcome
17 back.

18 COUNTY EXECUTIVE LATIMER: Thank you.

19 SENATOR BROOKS: Throughout the
20 presentations, there's a great deal of
21 concerns that have been expressed about the
22 new tax laws and the limitations on the SALT
23 deductions. You, Nassau and Suffolk in
24 particular are in the unique position that

1 you're in the pot. You're in a situation
2 where your taxpayers will be taking taxes on
3 their taxes.

4 As you're looking at what you're doing
5 right now, recognizing where you are and
6 looking at changes you may feel are necessary
7 or services that must be improved in the
8 county, how is your situation now, knowing
9 you're already over the tax limit, impacting
10 what you're doing?

11 COUNTY EXECUTIVE LATIMER: We think
12 it's going to be devastating on us if nothing
13 happens between here and when the full
14 implementation of it is felt by individuals.
15 I assume that will happen in April of next
16 year when people file. By then, their 2018
17 tax situation is already locked in. If
18 nothing were to happen between now and then,
19 I've heard estimates that it means a 25
20 percent increase.

21 Now, it's hard to say. Every
22 individual is in a different tax set of
23 circumstances. And, you know, we do look at
24 the very high level and there are plenty of

1 high-level earners in Westchester County that
2 may find that this plan helps them.

3 But Westchester, despite the general
4 thinking of it being as wealthy as it is, we
5 have many, many middle class property
6 taxpayers who will be hurt by this.

7 The ability to change tax policy
8 resides here in Albany. And I don't
9 underestimate how complicated a process it
10 is. And I don't think it -- I mean, it's
11 going to have the natural debate between
12 houses and political parties and
13 philosophies. So what I have to project,
14 Senator, is a willingness to plug into a
15 system that you all think is best that you
16 would create, and to try to be effective on
17 that.

18 I took office on January 1st, which
19 was the day of the new year, so we were not
20 in a position to do anything about trying to
21 structure ourselves to have early tax
22 payments made by residents and so forth.

23 And the number of residents in
24 Westchester County that turned out to pay

1 town taxes -- and different places allowed
2 for different other things to be paid; in
3 some cases, a school or a village partial
4 payment. The amount of people that came out
5 to do that was a sign that a significant
6 number of our people understand how
7 devastating this is going to be.

8 I have spoken with the county
9 executives Steve Bellone and Laura Curran,
10 and I think, you know, given the size of our
11 respective counties, everyone's going to be
12 affected. But it's going to hit us very
13 hard. As I think you can appreciate because,
14 you know, you, like I, are out there talking
15 to people every day, property taxes is
16 overwhelmingly the number-one issue. They
17 don't complain as much about any other tax as
18 they do their property taxes.

19 SENATOR BROOKS: I think, you know --
20 I agree with you that we're absolutely going
21 to have to make some fundamental changes in
22 the way we're funding things.

23 One of the proposals that's afoot now,
24 as a kind of example, we are pushing for the

1 ability of fire departments and ambulance
2 companies to bill back for their services on
3 a direct response basis, with the objective
4 of then reducing the tax obligation to the
5 district to fund that. And it will be a
6 pay-as-you-use-type situation.

7 Do you agree that that kind of
8 concept, is that what we would be looking at
9 with some of these programs, to find ways to
10 change the way we fund them based on who's
11 using them?

12 COUNTY EXECUTIVE LATIMER: I mean, I
13 think it would be very helpful. The problem
14 that we have is that we have, from community
15 to community, a very different structure of
16 how fire services are provided. We have some
17 all-volunteer fire departments which have
18 very low tax impact. We have some fire
19 districts. We have some professional fire
20 departments that are agencies of municipal
21 government, primarily in our larger cities.

22 And, you know, even though Suffolk
23 County and Nassau are both larger counties in
24 population than Westchester is, Westchester

1 has six incorporated cities, four of which
2 are fairly sizable in population, with
3 professional fire departments.

4 So I think what you suggest is helpful
5 and can be used to help, you know, where it
6 is helpful. But what we need is going to be
7 more across the board. And whatever can be
8 done on the education side -- you know,
9 obviously we're not involved, as a county
10 government, in K-12 education -- which I must
11 say I miss because I enjoyed that policy area
12 when I was here. But the more broad-based
13 areas of education, taxation and perhaps some
14 of the services that we know we all have to
15 provide equally well -- sewer treatment and
16 things of that nature, you know,

17 And we're willing to work with you. I
18 have indicated locally that our county
19 attorney and any of our individuals are more
20 than happy to meet in Albany with the people
21 that you have tasked with trying to determine
22 this, and they will be in a position to help
23 interpret how it would affect our county as
24 an individual county.

1 So we're willing to work with you on
2 it. It's an interesting initiative.
3 Ultimately, between now and when your
4 Legislature goes out of session, you know, we
5 look forward to trying to find that right
6 answer to the Rubik's Cube.

7 SENATOR BROOKS: I share your concern.
8 Certainly on Long Island they're estimating
9 there's already 300,000 people that are over
10 the limit on the \$10,000 deductible for the
11 property taxes. I think for the fire service
12 we've got to make changes, and billing is one
13 of the ways.

14 And I think as we look at school
15 funding and the percentage of funding that
16 you get in Westchester, what we see in Nassau
17 and Suffolk, we're really going to have to
18 reexamine what we're doing.

19 So I certainly, again, George,
20 congratulate you and wish you well with this,
21 but it's a challenge.

22 COUNTY EXECUTIVE LATIMER: Thank you.

23 CHAIRWOMAN WEINSTEIN: Thank you.

24 Assemblyman Magnarelli.

1 ASSEMBLYMAN MAGNARELLI: This has got
2 to be quick, George.

3 I just want to say thank you very much
4 for coming back. And congratulations. I
5 wish you the very best and appreciate the
6 work that you do. And get me that
7 information and we'll work on it together, as
8 we always have. Thank you.

9 COUNTY EXECUTIVE LATIMER: Thank you,
10 Bill.

11 I can't tell you how happy I am to see
12 you all here. I have great respect for the
13 work that you've done. I've worked with each
14 of you in some way, shape or form, with Bob
15 across the aisle, and others. And I have to
16 go home and do other things for the next few
17 months, but in many ways my heart's still
18 here with all of you.

19 CHAIRWOMAN YOUNG: Thank you.

20 SENATOR KRUEGER: Thank you.

21 COUNTY EXECUTIVE LATIMER: Thank you
22 very much.

23 CHAIRWOMAN WEINSTEIN: Congratulations
24 again.

1 Next we have New York Public Interest
2 Research Group, Blair Horner, executive
3 director.

4 MR. HORNER: I guess it's good
5 evening, I'm sorry to say.

6 CHAIRWOMAN WEINSTEIN: Yes.

7 MR. HORNER: Good evening. My name is
8 Blair Horner. I'm the executive director
9 with NYPIRG. With me is Brittanie Johnson, a
10 policy associate and a senior at Brooklyn
11 College.

12 What you have in front of you is a
13 long testimony, detailed. Given the length
14 of the testimony and the lateness of the day,
15 we will briefly summarize some of the key
16 points and gladly answer any questions.

17 The way we've divvied it up is that
18 I'll talk about some of -- we're reacting to
19 the Governor's good government proposals in
20 his budget. I'll be talking about some of
21 the ethics-related issues. Brittanie will
22 touch on some of the voting issues.

23 CHAIRWOMAN WEINSTEIN: Blair, just --
24 it's five minutes for both of you, so --

1 MR. HORNER: Yes. Yes. I'm cranking
2 along.

3 CHAIRWOMAN WEINSTEIN: Okay.

4 MR. HORNER: For the past two weeks, a
5 former top aide to the Governor has been on
6 trial for corruption. According to federal
7 prosecutors, he was a key figure in a bribery
8 scheme that included shaking down those
9 seeking government contracts for special
10 treatment in exchange for campaign
11 contributions of money for him and his
12 associates. The trial continues and the
13 individual, of course, is presumed innocent.

14 But his trial, combined with others in
15 recent years, offers unique insights into
16 what ails Albany. And when we look at it, we
17 see four overarching problems that emerge
18 when you review the totality of the
19 corruption cases brought in New York. So
20 I'll go through each of the four and then
21 turn it over to Brittanie.

22 Problem one. New York's limited
23 liability company campaign finance loophole
24 raises the risk of corruption. The LLC

1 loophole, which treats each LLC as an
2 individual person for the purposes of how
3 much can be donated, has allowed some donors
4 to give well over a million dollars. And
5 those donors often have business before
6 government.

7 For example, in a trial against the
8 former Senate majority leader, one real
9 estate developer spent more than \$10 million
10 in campaign donations from 2005 to 2015,
11 funneled through 26 different LLCs, LLCs that
12 he controlled. In return, the developer
13 received tens of millions of dollars in tax
14 benefits from the state.

15 What should be done? LLCs should be
16 treated like any other business entity and be
17 subject to the \$5,000 corporate campaign
18 contribution limit. All business entities
19 should be required to disclose their
20 controlling interests, and all subsidiaries'
21 contributions should be aggregated into one
22 overall limit. That's in the budget.

23 Problem two, allowing outside income
24 for elected officials raises the risk of

1 corruption. In many of the cases, the
2 opportunity to use one's public office for
3 private gain -- cashing in -- emerges as a
4 serious problem. In the case of the former
5 Assembly speaker, it was well documented that
6 he was able to use his power to amass
7 millions of dollars in outside fees for
8 little work other than applying his power as
9 speaker.

10 Unfortunately, the speaker's case is
11 not unique. What should be done? After the
12 Watergate scandal, Congress reformed its
13 system and placed limits on outside income
14 for lawmakers. In its report it concluded
15 substantial outside income creates at least
16 the appearance of impropriety and undermines
17 public confidence.

18 That's sort of in the budget, but it
19 only applies to the legislative branch.

20 Problem three. There's too great a
21 risk of corruption in how New York awards
22 government contracts. That's part of the
23 current investigation that's on trial now,
24 where a Buffalo construction company was

1 alleged to have simultaneously paid for a
2 lobbyist \$100,000 and then kicked in \$250,000
3 in campaign contributions. As a result,
4 according to the U.S. attorney, a huge
5 Buffalo Billion contract was steered to him.

6 What should be done? The first step
7 would be to eliminate campaign contributions
8 from those receiving government contracts.
9 New Jersey has a law to do that, we think it
10 would be a good model, we think the
11 comptroller's powers should be expanded, as
12 found in the DeFrancisco-Peoples legislation.

13 Lastly, the lack of independent
14 oversight. We think the current ethics
15 watchdog should be removed and a new one
16 created. New York was recently given an F in
17 its ethics enforcement by a national think
18 tank.

19 Now I'll turn it over to Brittanie,
20 who will offer some comments on voting.
21 Sorry, Brittanie.

22 MS. JOHNSON: As you know, New York
23 State has consistently ranked near the bottom
24 of the barrel in voter participation. Of

1 course there are many reasons for that. But
2 one that is correctly raised by the Governor
3 is the voting process.

4 One, we urge you to support a
5 constitutional amendment to allow New Yorkers
6 to register and vote on Election Day. As the
7 National Conference of State Legislators
8 describes it, there is strong evidence that
9 same-day and Election Day registration
10 increases voter turnout. Same-day
11 registration states also tend to outperform
12 other states in terms of turnout percentages.

13 Many states that have implemented
14 Election Day registrations have historically
15 produced higher voter numbers, making changes
16 hard to gauge. Multiple studies place the
17 effect between an increase of 3 to 7 percent,
18 with an average of a 5 percent increase.

19 Two, make it easier for New Yorkers to
20 obtain absentee ballots. Increased access to
21 absentee ballots would likely mean increased
22 voter participation from voters with work,
23 school or childcare commitments who wouldn't
24 currently qualify under the current law.

1 Three, adopt early voting for New York
2 State. We are hopeful about the potential to
3 increase the opportunities for voters to
4 participate in elections and the possibility
5 of reducing lines and congestion on
6 Election Day through early voting.

7 And four, we support imposing
8 automatic voter registration upon receiving a
9 New York State driver's license, but it must
10 be expanded to all other agencies.

11 MR. HORNER: Thank you for the
12 opportunity to testify.

13 Any questions?

14 CHAIRWOMAN WEINSTEIN: Senator Savino.

15 SENATOR SAVINO: Thank you, Blair, for
16 hanging in there all day. I was teasing you
17 this morning and said, "Who are you here to
18 frown upon today?" Apparently all of us, but
19 that's besides the point.

20 I have a question about the voting
21 reform stuff, because there's been some
22 debate about if we adopt early voting, that
23 there's a cost associated with it. And no
24 one can tell me what that cost would be,

1 because quite frankly the Boards of Elections
2 are open anyway, aren't they?

3 So what could we anticipate would be
4 in those increased costs?

5 MR. HORNER: Well, the Governor's
6 budget I think estimates that it would be a
7 cost to localities of I think about
8 \$6.5 million. And it's primarily just the
9 mechanics of having the sites open so that
10 people would go to the places and register to
11 vote.

12 SENATOR SAVINO: Is he suggesting that
13 the various polling sites be open? I voted
14 at P.S. 36 --

15 MR. HORNER: No, it's more limited
16 than that. But there would be places that
17 you could go, and I don't remember off the
18 top of my head how he structures it. But
19 there would be a limited number, I believe by
20 population size -- it could be by county --
21 in terms of a place that you could go to
22 early vote.

23 SENATOR SAVINO: And if we were to
24 reform the absentee balloting process --

1 MR. HORNER: That would help too.

2 SENATOR SAVINO: I absolutely think
3 it's absurd that we actually press people
4 almost to become felons by using absentee
5 balloting, because -- and I'll just
6 briefly -- a few years ago we had a special
7 election in Staten Island for a congressional
8 race. So it was a session day, myself and
9 all the other members, we voted by absentee.
10 We just happened to get done early that
11 night, and we were prepared to go down and be
12 there for the results when we realized that
13 if we did so, we might actually get ourselves
14 in a lot of trouble because we signed an
15 affidavit saying that we could not be present
16 in the county on that day.

17 So certainly we need to reform this
18 absentee balloting thing if we want to
19 increase it. But is there a way to actually
20 accomplish early voting with just duty-free
21 absentee balloting?

22 MR. HORNER: Well, I mean that was
23 the -- I believe the change for absentee
24 ballots requires a constitutional change, so

1 that takes a little bit longer time. You
2 have an election coming up pretty soon. You
3 also have potential special elections.

4 So yeah, I mean, you know, if you ask
5 me to rank priorities, I would say making it
6 easier for people to get absentee ballots
7 would be the best way to go of the two. But
8 I don't think necessarily one precludes the
9 other.

10 SENATOR SAVINO: Thanks.

11 CHAIRWOMAN WEINSTEIN: Thank you.

12 Thank you both for being here.

13 MS. JOHNSON: Thank you.

14 MR. HORNER: Thank you.

15 CHAIRWOMAN WEINSTEIN: Next we have,
16 from AARP, Beth Finkel, state director, and
17 Bill Ferris, state legislative rep.

18 MS. FINKEL: We have a substitution
19 for Bill Ferris. David McNally is our
20 director of government affairs. So we're
21 still well-outfitted, I think.

22 Anyway, thank you so much. Good
23 evening. I appreciate your patience. So
24 we're going to do ours real quick for you, I

1 promise.

2 CHAIRWOMAN WEINSTEIN: Thank you.

3 MS. FINKEL: So first of all, thank
4 you, Senator Young -- I know who was here for
5 quite a while -- and Assemblymember Weinstein
6 and members of the committee. So obviously
7 I'm Beth Finkel, state director for AARP. We
8 are a social mission organization, and here
9 in New York State we have 2.6 million
10 members. Nationally, we have 38 million.

11 And a sampling of our volunteers are
12 sitting behind me, and they've been pretty
13 patient all day too, so I salute them.

14 CHAIRWOMAN WEINSTEIN: Hi. Thank you
15 for being here all day, watching.

16 MS. FINKEL: Yeah. Yeah. I'm here
17 today for one main reason, and that's to urge
18 your support for the Governor's Executive
19 Budget proposal to create the New York State
20 Secure Choice Savings program -- yay -- which
21 would help working New Yorkers save for their
22 financial futures.

23 Secure Choice is a voluntary
24 enrollment payroll deduction Roth IRA. It

1 would be available to private businesses that
2 don't currently offer a retirement savings
3 option to their workers. But if they would
4 like to do so, they could voluntarily join
5 this program. It would be administered by
6 the Deferred Compensation Board.

7 The Governor's proposal is similar to
8 legislation of the same name sponsored by
9 Senator Savino and Assemblymember Rodriguez,
10 which has received very broad bipartisan
11 support in both houses.

12 This is about helping millions of
13 working New Yorkers save their own money so
14 that they can take control of their own
15 financial futures and have a choice as they
16 live and as they age. It's also about
17 offering small businesses a valuable benefit
18 to attract and retain employees. I'm going
19 to say this later, but I'm going to say it
20 again right now, it is voluntary for
21 companies. That's really important. And
22 there's negligible cost to companies, and
23 I'll get to that in a second.

24 In the surveys, we found that over

1 three-quarters of New Yorkers 50 and over
2 support this idea, and that nearly
3 three-quarters of small businesses in
4 New York State support this idea.

5 So we would really like to see
6 New York State take advantage of this
7 program. Employer-provided pensions and
8 401(k)s are becoming a thing of the past. I
9 think we can all acknowledge that. Many
10 small businesses in particular simply just
11 can't afford to provide them anymore. And
12 they also were concerned about the fiduciary
13 responsibility of creating their own plans
14 and also the financial side of it. This bill
15 would do away with both of those pieces for
16 them.

17 Now, currently, over half of
18 New York's private-sector workforce lacks
19 access to retirement savings accounts through
20 their employer. That's over 3.5 million
21 New Yorkers. I think that's staggering. So
22 there's 3.5 million New Yorkers who go to
23 work and they aren't able to save
24 automatically in the workplace.

1 And this is especially a big problem
2 for New Yorkers from communities of color.
3 More than two-thirds of Hispanic workers,
4 over half of African-Americans, and
5 60 percent of Asian-Americans in New York
6 lack access to an employer-provided
7 retirement plan.

8 Retirement incomes of these
9 communities are particularly lagging, with
10 most retiring with incomes near the poverty
11 threshold. Lack of access to workplace
12 retirement savings options is a prime example
13 of disparities that not only AARP but the
14 Hispanic Federation, the Asian-American
15 Federation, the NAACP of New York, and the
16 Urban League of New York have recently all
17 joined together with us to try to address.
18 And we've actually started a new initiative
19 that we have called Disrupt Disparities. And
20 at the top of our list of recommendations is
21 this workplace savings account.

22 So I want to emphasize that Secure
23 Choice, again, would be voluntary for the
24 employer and the employee, requires no

1 employee match -- actually, they're not
2 allowed to match, according to the way the
3 bill is written -- and minimal employer cost.
4 It's just adding another line to the pay
5 stub. And that would be -- we've done some
6 research on it, and the average would be, no
7 matter how many employees you have, around
8 \$500 a year. So we're really talking about
9 negligible costs here.

10 It would not rely on any ongoing state
11 costs and would be portable for employees who
12 would like to take it with them to other
13 jobs.

14 And one more point here. People who
15 go to work every day and have it
16 automatically deducted are 15 times more
17 likely to save for their retirement. So it's
18 kind of like mom and apple pie. So
19 addressing this issue is especially
20 important, especially as our population is
21 aging.

22 Two more very quick things. We are
23 also asking for increased funding for
24 Medicaid home and community-based services,

1 because these help the middle class stay in
2 their own homes and communities, and we need
3 to do that.

4 And lastly, the Governor's Executive
5 Budget provides expanding the use of
6 telehealth. We really applaud that, and we
7 hope that you could also add to that.

8 Thank you so much.

9 CHAIRWOMAN WEINSTEIN: Thank you.

10 Assemblyman Magnarelli.

11 ASSEMBLYMAN MAGNARELLI: Only because
12 this -- I really haven't looked into this
13 that much, this secure savings. And I don't
14 know exactly how it works. But the monies
15 end up coming to the state?

16 MS. FINKEL: No. The state
17 facilitates this retirement fund, then they
18 choose a financial institution, much like
19 529s work. It kind of works the same way.
20 You know, so people --

21 ASSEMBLYMAN MAGNARELLI: Where does
22 the money go? The employer pays the money --

23 MS. FINKEL: No, the employer pays
24 nothing. I'm sorry. Sorry.

1 ASSEMBLYMAN MAGNARELLI: No, listen,
2 out of the paycheck you're taking somebody's
3 money. Where does that money go?

4 MS. FINKEL: It goes into the state
5 retirement savings program. But that --

6 ASSEMBLYMAN MAGNARELLI: Okay. So the
7 state is administering the funds.

8 MS. FINKEL: Through the --

9 MR. McNALLY: They're facilitating the
10 setup of the program. It's going to act just
11 like the deferred compensation plan. Money
12 goes to whoever is managing. The money does
13 not go to the state. They are just setting
14 up -- we're using the Deferred Compensation
15 Board as the mechanism so we don't have to
16 recreate it all. But just like deferred
17 compensation goes to -- T. Rowe Price, I
18 think, manages their money, they'll be
19 managing. The state will not be managing the
20 money.

21 ASSEMBLYMAN MAGNARELLI: Okay. So I
22 guess the only question I have is, then whose
23 responsibility is it to make sure that that
24 money is managed properly?

1 MS. FINKEL: I guess through the
2 Deferred Compensation Board and the normal
3 responsibilities that they have held.

4 ASSEMBLYMAN MAGNARELLI: All right.
5 So that would fall on the state.

6 MR. McNALLY: No. It's the
7 individual's responsibility to work with --
8 it's just like the 529. It's an IRA. Right?
9 I mean, it's your responsibility to work with
10 the money manager that's been selected to
11 pick what you want to do. There's no
12 fiduciary responsibility by the state or the
13 employer.

14 ASSEMBLYMAN MAGNARELLI: Okay. It
15 just got a little --

16 MR. McNALLY: Yeah. No, it's a good
17 bill. It's exactly --

18 MS. FINKEL: Thank you for letting us
19 clarify.

20 ASSEMBLYMAN MAGNARELLI: It sounds
21 like a great idea, though. I love to hear
22 that --

23 MR. McNALLY: We really appreciate
24 your questions at this late hour,

1 Assemblyman. We appreciate it very much.

2 MS. FINKEL: Very much so.

3 ASSEMBLYMAN MAGNARELLI: We're still
4 trying to stay, you know -- look sharp,
5 anyway.

6 CHAIRWOMAN WEINSTEIN: Senator Savino.

7 ASSEMBLYMAN MAGNARELLI: Thank you
8 very much for waiting all this time.

9 SENATOR SAVINO: Thank you. And thank
10 you, Beth and Bill, for all your work on
11 this. I know everyone's been here all day.
12 You guys have been pushing this.

13 I've been carrying this bill for a
14 couple of years now, along with Assemblyman
15 Rodriguez. We're happy to see the Governor
16 adopt it. And I think the question that the
17 Assemblyman was trying to make clear was
18 whether or not the state would be on the hook
19 if the plans went under. Just as we're not
20 on the hook for the deferred compensation
21 plan. And that's an important point, unlike
22 the pension system.

23 But Assemblyman Magnarelli, if you'd
24 like, I will be more than happy to come and

1 talk to you until -- about this issue,
2 anytime.

3 Thank you again.

4 CHAIRWOMAN WEINSTEIN: Assemblyman
5 Oaks.

6 ASSEMBLYMAN OAKS: Yeah, just a couple
7 of questions.

8 Are there, though, administrative
9 costs? Would they come out at the deferred
10 comp? And again, maybe -- I see Senator
11 Savino -- I don't know if you know the answer
12 or she does.

13 In other words, there's got to be some
14 administrative cost to doing this somewhere.

15 MR. McNALLY: Well, that's why we set
16 it up with the Deferred Compensation Board.
17 So all the administrative cost involved with
18 setting of the program up -- it's already set
19 up. Just like deferred compensation, the
20 fees and the -- from managing will come from
21 the employee's contributions.

22 ASSEMBLYMAN OAKS: Okay. All right.
23 Thank you.

24 The sense -- you raised some of the

1 questions of why -- or the number of people
2 not covered or the number of people that have
3 difficulty putting aside resources, people
4 living paycheck to paycheck, et cetera.

5 This in essence -- it may provide
6 something more accessible. It doesn't
7 necessarily solve the problem of people not
8 having those dollars.

9 MS. FINKEL: True. But I think the
10 important point here is that if it's
11 automatically taken out of your paycheck,
12 you're 15 times more likely to save for your
13 retirement.

14 So yes, we know it's very difficult
15 for people of lower income to be able to
16 save. But even in those cases, they can save
17 as little as 1 percent, there's no -- you
18 know, there's no minimum in there that they
19 can take out, so --

20 ASSEMBLYMAN OAKS: And is there a
21 maximum, or no?

22 MS. FINKEL: It goes according to the
23 Roth IRA rules. It's the same thing. So I
24 think it's \$5500 a year is what the Roth IRA

1 states right now as the max.

2 MR. McNALLY: But all the income
3 limits and the amounts are -- basically it's
4 setting up a Roth IRA for an individual. Or
5 an individual setting it up through the
6 mechanism of the Deferred Compensation Board.
7 Much like employees of any taxing authority
8 in the state could do when that taxing
9 authority agrees to enter into a contract
10 with the Deferred Compensation Board.

11 ASSEMBLYMAN OAKS: So many of these
12 things are available today through different
13 options, but not in this manner. One sense
14 would be making it more -- one way to solve
15 this would be doing what you're talking
16 about. And another way to do it would be
17 perhaps to make existing efforts and IRAs,
18 et cetera, in different plans that are
19 available currently in the market more
20 accessible to people as well.

21 But I appreciate your testimony.

22 CHAIRWOMAN WEINSTEIN: Thank you.

23 SENATOR KRUEGER: Thank you very much.

24 CHAIRWOMAN WEINSTEIN: Thank you very

1 much for being here.

2 Next, New York Land Bank Association,
3 Katelyn Wright, president.

4 MS. WRIGHT: Thank you for your time
5 and for having us here this evening. We're
6 really honored to be here, and we'll try to
7 keep it as brief as possible.

8 I'm Katelyn Wright. I'm the president
9 of the New York Land Bank Association and
10 also the executive director of the Greater
11 Syracuse Land Bank. And I'm joined by
12 Madeline Fletcher, who is the secretary of
13 the New York Land Bank Association and the
14 executive director of the Newburgh Community
15 Land Bank.

16 And we represent the association, and
17 there are 23 land banks throughout New York
18 State now at this point.

19 So I'm going to -- we'll keep our
20 remarks to five minutes. Madeline is going
21 to make her remarks, and then I'm just going
22 to tie it into some of the testimony we heard
23 earlier today.

24 MS. FLETCHER: So I'm going to just

1 sort of give you a little background of where
2 we are and how we got here, and then talk a
3 little bit about the requests that we're
4 making to you.

5 Knowing that the vacant property
6 problem far exceeds the capacity of any local
7 government or local real estate market
8 absorption, in 2011 the New York State
9 Legislature passed the Land Bank Act. This
10 bipartisan supported legislation enabled
11 communities across the state to make
12 strategic decisions about abandoned
13 properties and to ameliorate the
14 well-documented harms to public health,
15 property values, economic development, and
16 public safety created by this epidemic.

17 Since that time, 23 land banks from
18 every corner of the state have made progress
19 that exceeds even the most ambitious
20 expectations in the areas of affordable
21 housing, homeownership, open space
22 preservation, and blight remediation. To
23 date, this work includes the acquisition of
24 over 2,000 properties, the attraction of over

1 \$75 million in private investment, and more
2 than \$30 million in assessed value returned
3 to local property tax rolls.

4 While some of the economic development
5 and housing dollars available through this
6 state initiative, like the consolidated
7 funding application, overlap with the mission
8 of land banks, often they are not directly
9 useful to land banks because of the type and
10 scope of work that land banks undertake.

11 For example, our land bank in Newburgh
12 does not typically act as a developer.
13 Instead, we acquire title to vacant
14 properties, hold that property while we raise
15 capital to make targeted investments that
16 ultimately yield developable, marketable
17 property.

18 We invest heavily in things like
19 environmental abatement, which are key
20 deterrents for potential investors and
21 homeowners alike.

22 This has yielded a waterfall of
23 improvements in our community. Record
24 building permits are being filed. There have

1 been multiple local jobs created, and
2 high-quality housing opportunities have
3 resulted for residents that have been
4 economically and socially marginalized for
5 decades. And for the \$4.5 million we have
6 invested to date, we have a return of about
7 five-to-one for each dollar.

8 Land banking allows municipalities to
9 make systematic improvements to the way that
10 they approach and purchase vacancies,
11 including and especially zombie properties
12 that linger in the wake of the foreclosure
13 crisis. As a result, land banks have been
14 the beneficiaries of funds allocated by the
15 New York State Office of the Attorney General
16 from penalty dollars collected from the worst
17 offending banks. This early infusion of
18 capital has allowed us to show results from
19 our early start-up days.

20 CHAIRWOMAN WEINSTEIN: Are you both
21 going to be speaking?

22 MS. FLETCHER: Just a quick -- yeah.

23 MS. WRIGHT: And we're both trying to
24 keep it to five minutes combined.

1 MS. FLETCHER: Yeah, we're trying to
2 keep it, together, to five minutes. We're
3 watching the clock.

4 This early infusion of capital has led
5 us to show results from our early start-up
6 days, but these funds are dwindling and
7 there's no indication that additional funds
8 will be available.

9 The New York State Land Bank
10 association requests that the fiscal year
11 2019 budget include \$60 million for land
12 banks, \$50 million for capital funds and
13 \$10 million for predevelopment costs, to be
14 apportioned by capacity and need.

15 This will yield a large return for
16 each dollar and will enhance ongoing
17 transformative state work, like downtown and
18 upstate revitalization initiatives. And this
19 will also ensure that New York's vision of
20 residents with opportunities in vibrant
21 communities.

22 I'll turn it to Katelyn.

23 MS. WRIGHT: So just to reiterate
24 what's in our written testimony and what

1 Madeline just said, over the past five years
2 23 land banks across the state have been
3 deployed to address vacant and abandoned
4 properties and have really proven to be
5 powerful tools to deal with these eyesores in
6 our communities. Every public dollar that's
7 gone into land banks has generated a return.
8 Generally, the model is working. But we've
9 relied on funding from the Attorney General
10 for the past couple of years, and there is no
11 additional money committed to land banks
12 beyond the end of 2018.

13 We are asking that the Assembly and
14 Senate add funding into the next state budget
15 to support land banks so that this tool can
16 continue to work for our communities across
17 the state, because there is no other
18 long-term source of public funding to
19 continue to support this.

20 You heard mayors talk earlier today
21 about how cash-strapped our local
22 governments are. Blighted properties like
23 this, they are an expenditure for local
24 governments. You'll see cities, counties and

1 towns spending money mowing lawns, picking up
2 trash, boarding them up. So it's hurting
3 them on the expense side, and it's hurting
4 them on the revenue side as well, because the
5 presence of these blighted properties drags
6 down surrounding property values in
7 communities where, as Assemblyman Magnarelli
8 pointed out earlier, they already have very
9 few properties that are taxable in our
10 cities. And then those that are taxable,
11 many of them are just not performing.

12 So we think this is an intervention
13 that pays dividends for local and state
14 government, and we want to see it keep going.

15 MS. FLETCHER: Thank you.

16 CHAIRWOMAN WEINSTEIN: So Assemblyman
17 Magnarelli.

18 ASSEMBLYMAN MAGNARELLI: First of all,
19 I just want to say to both of you, thank you
20 very much. I know that you've been here the
21 whole day. So, you know, I really commend
22 you for doing that.

23 Katelyn, you and I have talked many
24 times. I'm very much aware of what the land

1 banks do. The only thing -- and we went
2 through this in Syracuse last year. And, you
3 know, you're come to the state asking for
4 funds to be there, and yet the localities
5 need to step up as well. Okay? Because they
6 are benefiting from these. And in the short
7 run and definitely in the long run, they will
8 make more money as these properties go back
9 on the tax rolls. And that's what the whole
10 land bank was supposed to be, eventually
11 becoming self-sufficient, if I remember
12 correctly -- not initially, and nobody ever
13 said that. But as you go down the line, that
14 would be what the goal is.

15 So first of all, I want to commend you
16 and the association and what you're doing in
17 all of these communities. I think it's vital
18 for our cities. And so, you know, we will do
19 the best we can for you going forward. And
20 thank you again for being here.

21 I don't have a question, okay. So
22 thank you.

23 MS. WRIGHT: Thank you. And I think
24 you're absolutely correct that land banks are

1 most successful when there's local buy-in.
2 So if this is something that's being debated
3 during the budget process, maybe some sort of
4 local match would be a logical thing to do.

5 But you know how to find me, and I'm
6 available for questions after this. I won't
7 keep you any longer.

8 CHAIRWOMAN WEINSTEIN: Mr. Oaks.

9 ASSEMBLYMAN OAKS: Through the 2018
10 calendar year, you are -- there is some money
11 funded.

12 MS. FLETCHER: Yes.

13 ASSEMBLYMAN OAKS: And you have some
14 new land banks coming on, correct?

15 MS. FLETCHER: Correct.

16 ASSEMBLYMAN OAKS: You listed 17.
17 There's more that were created, right, in
18 last year's --

19 MS. FLETCHER: Right. We're up to 23,
20 at this point, of the 25 that we're allowed
21 by the legislation.

22 And a lot of those are just coming
23 online, so all of those don't even have the
24 benefit of the funding that luckily Katelyn

1 and I in our organizations have benefited
2 from.

3 So we're also looking at not just the
4 continuation of our work, but also sort of
5 funding for some of the newer ones that
6 aren't benefiting from the Attorney General's
7 community revitalization initiative dollars.

8 ASSEMBLYMAN OAKS: Thank you.

9 CHAIRWOMAN WEINSTEIN: Thank you.

10 MS. FLETCHER: Thanks.

11 CHAIRWOMAN WEINSTEIN: Final witness,
12 Elena Sassower.

13 MS. SASSOWER: Before I begin, I would
14 like to hand up relevant portions of the
15 New York State Constitution and the
16 Senate-Assembly Legislative/Judiciary Budget
17 Bill. May I? There's plenty.

18 Did you wish to set the clock? I have
19 10 minutes; correct?

20 CHAIRWOMAN WEINSTEIN: Five minutes.

21 SENATOR SAVINO: Everyone has been
22 getting five.

23 CHAIRWOMAN WEINSTEIN: After the
24 Public Protection hearing went over 13 hours,

1 there was a decision made by the joint
2 committees that the --

3 MS. SASSOWER: I was notified that
4 there would be 10 minutes. I've prepared
5 10 minutes. I would appreciate --

6 CHAIRWOMAN WEINSTEIN: No.

7 MS. SASSOWER: Since I'm the last
8 witness, I would appreciate --

9 CHAIRWOMAN WEINSTEIN: No. I assume
10 you heard the announcement that all of the --

11 MS. SASSOWER: It's an arbitrary
12 announcement.

13 CHAIRWOMAN WEINSTEIN: -- all of the
14 people who preceded you had --

15 MS. SASSOWER: My name is Elena
16 Sassower, and I'm director and cofounder of
17 the nonpartisan, nonprofit citizens'
18 organization Center for Judicial
19 Accountability that documents the corruption
20 in the judiciary, facilitated and enabled by
21 the legislative and judicial branches, which,
22 when they are sued for their corruption, the
23 judiciary then protects by throwing the
24 lawsuits, by fraudulent judicial decisions.

1 This is the sound-bite synopsis of
2 what the record shows in the Center for
3 Judicial Accountability citizen-taxpayer
4 actions suing you for your grand larceny of
5 the public fisc and other corruption with
6 respect to the State Budget.

7 We purport to be a government of laws,
8 and our foremost law in New York State is the
9 New York State Constitution, which in its
10 Article VII lays out the fashion in which the
11 budget is to be fashioned and enacted.
12 Because the Legislature and the Judiciary are
13 separate government branches, they are given
14 the independence to propose their own
15 budgets, with the simple condition to that
16 independence that their itemized estimates of
17 their financial needs be certified.

18 Here are the Judiciary's
19 certifications of its itemized estimates in
20 two parts, one for its operating expenses,
21 the other for its general state charges.

22 Not included in the budgets, the
23 operating funds budget and the general state
24 funds budget, were reappropriations. Those

1 reappropriations appeared only in their
2 single budget bill, which became Sections II
3 and III of the Governor's
4 Legislative/Judiciary Budget Bill.

5 The pages of appropriations that
6 amount to \$57 million -- \$57,300,000 -- do
7 not appear to be certified and must be
8 stricken by you pursuant to the
9 constitutional directive. You have just
10 found \$57,300,000. But that's not all, and I
11 will help you recover more monies.

12 The big money embedded in the
13 Judiciary Budget, and concealed, are the
14 judicial pay raises, for which there is no
15 line item nor identification that you have
16 the prerogative to abrogate and modify those
17 increases. But the evidence that you have
18 had since 2011, and successively, is that the
19 two state commission reports on which those
20 judicial salary increases rest are
21 statutorily violative, fraudulent,
22 unconstitutional, and you must override them
23 now.

24 This year, in this Legislative/

1 Judiciary Budget Bill, the salary increases
2 embedded are on the order of about
3 \$60 million. That includes the \$14 million
4 or so for the current increase, which will --
5 unless you override, will jack up the
6 judicial salaries for Supreme Court justices
7 to \$207,000 a year. That's not counting
8 nonsalary benefits -- pensions, health
9 insurance, the whole package that brings it
10 up another \$40,000.

11 So I have now saved you a very
12 substantial amount of money, but there's even
13 more.

14 Once you override those judicial pay
15 raises, you also can secure a clawback of
16 \$300 million that were expended by those pay
17 raises. This is a huge amount of money.

18 Now let's flip to the legislative
19 budget. The legislative budget is not
20 publicly accessible; I had to FOIL for it.
21 And I requested specifically the
22 certifications. I have the FOIL inquiry and
23 what came out. There is no certification.
24 The entire legislative budget is not

1 certified.

2 Now, the reason it is not certified is
3 because it obviously is not an accurate
4 itemization of the financial needs of the
5 Legislature.

6 CHAIRWOMAN WEINSTEIN: Thank you.

7 MS. SASSOWER: It contains no general
8 state charges --

9 CHAIRWOMAN WEINSTEIN: Thank you.

10 Thank -- thank --

11 MS. SASSOWER: -- it contains no
12 appropriations. However --

13 CHAIRWOMAN WEINSTEIN: Thank you. We
14 have your written -- we have your --

15 MS. SASSOWER: One final statement,
16 please.

17 CHAIRWOMAN WEINSTEIN: Okay.

18 MS. SASSOWER: One final statement,
19 please.

20 CHAIRWOMAN WEINSTEIN: Sure.

21 MS. SASSOWER: In the Legislative/
22 Judiciary Budget Bill, there has been
23 inserted in some mysterious way, in an
24 out-of-sequence section in the back not

1 properly titled "Legislative
2 Reappropriations," 28 pages of legislative
3 reappropriations. They appear to be many
4 tens and tens of millions of dollars. Your
5 duty -- again, you have a legislative budget
6 that is not certified. You have no general
7 state charges. Where are they? Have they
8 been certified? You have reappropriations
9 here that have popped in without any
10 certification. Where do they come from?
11 They must be stricken.

12 What you have is a budget bill that is
13 replete with fraud, larceny of taxpayer
14 monies. Your duty is to take steps to
15 investigate, to --

16 CHAIRWOMAN WEINSTEIN: Thank --
17 thank --

18 MS. SASSOWER: Okay. These are penal
19 law violations.

20 CHAIRWOMAN WEINSTEIN: We do have your
21 -- the written submissions that you both
22 mailed us and now have distributed. Thank
23 you for being here.

24 This concludes our hearing.

1 MS. SASSOWER: Thank you. And
2 needless -- needless to say --

3 (Inaudible; microphone off.)

4 CHAIRWOMAN WEINSTEIN: You're welcome
5 to submit some additional material.

6 Thank you. This concludes the Local
7 Government Officials and General Government
8 Hearing. Thank you.

9 (Whereupon, the budget hearing
10 concluded at 6:53 p.m.)

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