

Testimony by Mayor Bill de Blasio
Senate Finance and Assembly Ways and Means Committees
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Thank you, Chair **Krueger**, Chair **Weinstein**; ranking minority members Senator **Seward** and Assemblymember **Ra**; legislative leaders, Majority Leader **Stewart-Cousins** and Assembly Speaker **Heastie**, and all members here today.

I'm joined by two key members of my team: City Budget Director **Melanie Hartzog** and Interim Director of State Legislative Affairs **Chatodd Floyd**.

Before I begin, given the shootings that targeted our police force this weekend, I know that all of you will join me in keeping our three brave police officers, their families, their precinct, and the entire NYPD in your thoughts this morning.

This is the seventh time I have had the privilege of addressing you on the topic of the Executive Budget. During these years, I have been deeply grateful for the way this Legislature has stood up for the people of New York City.

The 2019 session was an exceptional example of that.

You reformed rent regulations to protect the rights and apartments of more than two million city residents, curbing displacement, harassment and unjust evictions, and keeping New Yorkers in the homes they love.

Thank you for passing: the José Peralta DREAM Act; the Green Light NY – Driver's License Access and Privacy Act; the extension and strengthening of Mayoral Accountability for our public schools; much-needed election reforms; and design-build authority for key City agencies to expedite public infrastructure projects and save taxpayer dollars.

Last session you enacted bold, progressive legislation on a grand scale, and 8.6 million New York City residents will benefit from your efforts for years to come.

But now I must turn to a painful topic – the need to come to our State capital and object to cuts in the Executive Budget.

Over the years, we've faced too many proposals in Executive Budgets to cut funding from the City's healthcare system, schools, and social services. Thankfully, over the years, working with you we've fought back many of these cuts.

But today, we face something far more troubling. The Fiscal Year 2021 Executive Budget includes cuts of a magnitude this Administration hasn't seen before. As it stands, the people of the City of New York face an overall hit of \$1.4 billion.

We can't let that happen. The results for residents of New York City would be devastating.

We've come to expect giant proposed cuts in the Executive Budget and I think it's important to underscore how those cuts add up.

Over the course of my Administration, New York City residents have borne the brunt of more than \$1 billion in cuts and cost shifts from prior Executive Budgets.

Now, stop for a moment and consider this: in FY21 – alone – we face a larger cut than all the cuts we've taken during the entire six years of my Administration combined.

So, I want to say: New York City needs your help again – and more than we ever have before.

Now, let me break down the three main areas of this Budget's \$1.4 billion hit.

THE FIRST POTENTIAL CUT: The Governor wants to shift \$1.1 billion in Medicaid costs to New York City. Not only is that unfair, it's just not grounded in the reality of how Medicaid works.

I want to remind you that this lands on us immediately on the heels of the 1% cut to Health and Hospitals Medicaid funding that the State announced in December.

Meanwhile, a State-controlled Medicaid Redesign Team (MRT) will soon get to work looking for another \$2.5 billion in savings.

If the MRT cannot find the savings it's tasked with achieving, the Governor proposes to cut another \$2.5 billion in funding from all Medicaid spending statewide.

Alone, any one of these cuts would have painful consequences. Adding them together would put the health and welfare of this state's largest city at risk. It would also jeopardize the progress we've made moving Health and Hospitals from the threat of bankruptcy to a new day serving more New Yorkers, and to serving them better.

Health and Hospitals is the nation's largest public health system, with more than one million New York City residents relying on it for care each year. That system couldn't withstand a cut of this magnitude by itself. So, the City of New York would have to make difficult choices within healthcare and beyond it.

If we were faced with a \$1.1 billion cut, real programs that serve real people are on the chopping block. We would have to look at:

Closing 19 H+H Clinics, which treat 140,000 patients a year.

Losing 1,300 doctors and nurses, resulting in longer wait times for patients, and shortages of doctors who treat cancer, heart disease, and mental health.

Eliminating the Summer Youth Employment Program, which serves 70,000 young people.

And eliminating COMPASS NYC – after-school programming that serves over 120,000 students.

I want to be clear: New York City stands ready to help find savings in any appropriate way. In fact, our Department of Social Services Commissioner, Steven Banks, has already helped the State achieve \$180 million in Medicaid savings over the last three years. Commissioner Banks has repeatedly told the State Medicaid Director that we can help them find statewide savings of at least \$260 million more.

If there's a problem with Medicaid funding, let's look to the entity that runs Medicaid for a solution. The State of New York makes the rules and sets the rates. Handing the bill for the State's responsibility to the people of the City of New York or any other locality isn't right and it isn't workable.

No locality can achieve Medicaid savings on its own. From the five boroughs, to Nassau County on our borders, to Erie County some 400 miles to the northwest, we all need the State to determine Medicaid eligibility and provide guidance. Further, localities cannot possibly handle this cost shift.

I believe there are three main ways out of this situation.

First: The MRT should work with localities to reform the system and achieve savings.

Second: The State must revise the Medicaid global cap to reflect the healthcare New Yorkers actually need.

Third: If we're going to make society work for everyone we must ask the wealthiest among us to pay their fair share so that all of us can remain healthy.

Lives are on the line. We urge the State to remove this cut to localities and safeguard public health by focusing on finding efficiencies and reforms in the State-run Medicaid program.

THE SECOND POTENTIAL CUT: Just as we cannot risk the health of our city's residents, neither can we risk our children's futures.

This budget leaves the City with a \$136 million shortfall in school aid. This gap would have real consequences for our students.

It would be the equivalent of losing 400 social workers and guidance counselors, as well as eliminating programming that has reduced the need for suspension – like restorative justice practices – that create a fairer and safer environment for all of our students.

That's bad enough, but let us remember the context here. Following the landmark court decision in Campaign for Fiscal Equity v. New York State, the people of New York City are owed \$1.1 billion for our schools this year. The people of other cities are owed money as well, including Buffalo, Syracuse, and right here in Albany to name a few.

If New York City got that money we could bring every single school in our system to 100% of the Fair Student Funding standard, which would give schools more resources to do things like hire 8,000 more teachers, guidance counselors and social workers.

We urge that the State fully fund our schools and support educational equality for our kids without delay.

THE THIRD POTENTIAL CUT: Last year Temporary Assistance for Needy Families (TANF) was slashed by 10%. This year, we face an additional 5% cut on top of that. This will result in the loss of more than \$100 million over two years.

If that funding goes, we would have to eliminate preventive services that help shield almost 5,500 children from abuse and neglect. That will do untold damage to young lives and add more responsibilities to our foster-care system.

These cuts threaten the progress we've made to keep children safe. We urge the Legislature to restore this TANF cut.

Before I move on: I would also like to address the unrealistic deadline and absurd penalties within the proposal to relocate the Pier 76 tow pound beside the Hudson River on the West Side of Manhattan.

The Executive Budget imposes a \$12 million fine on New York City if the tow pound isn't relocated by the end of 2020, with an additional \$3 million fine per month after that starting in February 2021. That is utterly unrealistic. This is going to be a multi-year process under the best of circumstances.

The current tow pound is a 230,000-square-foot facility. That's nearly the size of Union Square Park. Finding a replacement site of this scale and with the same proximity to Midtown will almost certainly require a complex design and construction timetable, and by law we'd also need to go through New York City's Uniform Land Use Review Procedure, which would likely take at least 12 months.

We all agree on the need to find another solution and we'll work with all parties to find a realistic new location, but we need a realistic timeframe in which to do it.

Now, I'd like to speak about two areas of this proposed Executive Budget where we are largely in agreement.

FIRST: We need better clarity on e-bikes and e-scooters.

That's why we support the framework of the budget proposal. Much like the legislation championed by **Senator Ramos** and **Assemblymember Rozic** that passed both houses last year – it authorizes the City to enact safety measures on our streets and protect delivery workers and pedestrians.

SECOND: Our City supports the legalization of the adult use of cannabis products.

And we support the establishment of the Office of Cannabis Management to administer licensing, production, and distribution. But a dual licensing structure is essential for New York City so that we can make local decisions about siting, density, and public health and safety.

We must ensure people of color, low-income New Yorkers, people burdened by marijuana convictions, and residents of neighborhoods with the highest number of marijuana arrests reap the economic benefits of these new policies, instead of allowing corporations to take over the cannabis business, as they have with alcohol and tobacco.

Now, I would like to ask for your help on seven important issues that we'd like to see added to the Executive Budget.

ONE: We ask that the Executive Budget include new approaches and more funding to address homelessness.

Our City is making a forceful effort to end street homelessness as we know it over the next five years. Through our *Journey Home* plan, the City is marshaling new and critical resources to give outreach teams powerful tools. We are increasing safe haven capacity, creating new, low-barrier permanent housing, and connecting clients to individualized services. Our rental subsidy program has helped move 140,000 homeless people move into permanent homes.

We could achieve much more if we had help from the State.

The budget should commit funding for the **Krueger and Hevesi** Home Stability Support proposal. This much-needed legislation has the potential to provide assistance to keep 25,000 people in their homes and out of shelters.

TWO: We ask that the Legislature address the lack of transparency and unanswered questions in the MTA's 2020-2024 Capital Plan.

As we meet here today, the MTA has only finished 30% of the projects from the last capital program – just 380 projects are finished out of almost 1,300 authorized in 2015. In other words, the MTA still hasn't spent the money we previously allocated to them in 2015.

Now, the MTA asks New York City taxpayers to pitch in an additional \$3 billion toward a new MTA capital plan. That would represent the largest City contribution ever to any MTA Capital Plan.

Yet, the forensic audit that you required in last year's Executive Budget failed to answer the most pertinent questions the public deserves to know – why are the MTA's capital costs so high and what specifically can be done to reduce them?

We aren't in the position to offer more money unless the following conditions are met: Funding from congestion pricing and other MTA sources must be used first, a proper audit must be done, and we need accountability and transparency on projects.

Without clear accountability and transparency, MTA capital projects will continue to be plagued by cost overruns and delays.

THREE: Please help us continue to deepen our shared commitment to NYCHA.

Due to decades of federal disinvestment, my Administration has committed an unprecedented \$6 billion to take on the long-overdue mission of remaking public housing and securing a better future for our 400,000 neighbors, friends and family who live in NYCHA.

Across our city, advocates and elected officials, including City Council Speaker Johnson, are calling on the State to invest an additional \$2 billion for NYCHA's capital needs. I agree. Those funds could help renovate 8,000 apartments, improving the lives of almost 20,000 residents.

FOUR: The Criminal Justice reforms achieved last session are historic and necessary.

These reforms will break the cycle of mass incarceration and provide justice in its place. That said, I have been clear since 2015 that I believe it's important for judges to have flexibility. I believe we can find common ground to address public safety concerns while protecting these important reforms.

FIVE: I'd like to enlist your help to support the mom-and-pop stores we love with a vacancy tax.

I want to thank **Senator Hoylman** and **Assemblymember Glick** for introducing legislation authorizing a vacancy tax. The idea is simple and powerful: If a landlord leaves a storefront vacant for a prolonged period of time, makes a community less whole, and deprives a New Yorker of the chance to build a business and be part of that community, then that landlord needs to pay more in taxes.

I urge the Legislature to include this proposal in the budget. We are not going to let a few greedy landlords empty out our thriving commercial corridors.

SIX: We can build on the success of the housing package passed last year.

Two and a half million New Yorkers living in nearly 900,000 apartments in our city have no protection against rent gouging. That leaves tenants vulnerable to steep rent shocks – one of the reasons so many people can't afford to stay in the city they love. We need every New Yorker to have protections from rent shocks, a lease they can renew, and the security of not being thrown into the street arbitrarily. We need universal renter protection.

Any effective legislation must also include well-crafted exemptions, including for new construction and owner occupied housing and must rely on an anti-gouging measure based in real and vigorous analysis.

A final point on housing: we can end security deposits as we know them. We can work together to give renters options to pay in installments over time, instead of a single payment up front –

which is far too much for too many New Yorkers. I urge the Legislature to take up security deposit legislation this session.

SEVEN: If we are going to keep New York City as a place for everyone, we must reform property taxes.

As you know, I worked with the New York City Council to convene the first commission since 1993 to review this issue. The commission has just released its preliminary report with 10 initial recommendations that are the most significant reforms to the property tax system in 40 years to create consistency and transparency. Most importantly, these recommendations will also end the deeply unfair neighborhood to neighborhood disparities.

Our commission's recommendations to create targeted owner-relief programs for primary residents, seniors, and low-income homeowners would help keep tax bills affordable, prevent displacement, and create a fairer system overall.

This is a preliminary report, and we intend to engage the public and hold hearings in each borough to obtain valuable feedback on the initial recommendations. We look forward to discussing the recommendations with you and your colleagues. This valuable feedback will help the commission develop its final recommendations.

In conclusion, I would like to thank you for the chance to make the needs of our city heard.

Today's hearing is part of a time-honored budget process. But there's nothing business-as-usual about the threat we face.

The massive cut proposed in the Executive Budget is nothing short of a fiscal super-storm that would blow through the lives of every New York State resident. In our city it would stand in the way of our students, remove support for children in fragile family situations, and undermine progress at our public hospitals, which more than a million residents rely on each and every year.

I know you are hearing similar testimony from many localities today. We need you to join us and them in pushing back against the alarming and unacceptable cuts in this Executive Budget.

As always, we look forward to working with you to keep our City and our state strong, safe, and resilient.

