

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

2 -----
JOINT LEGISLATIVE HEARING
3 In the Matter of the
2020-2021 EXECUTIVE BUDGET
4 ON LOCAL GOVERNMENT OFFICIALS/
GENERAL GOVERNMENT
5 -----

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

8 February 10, 2020
11:05 a.m.

9

10 PRESIDING:

11 Senator Liz Krueger
Chair, Senate Finance Committee

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

14 PRESENT:

15 Senator James L. Seward
Senate Finance Committee (RM)

16 Assemblyman Edward P. Ra
17 Assembly Ways & Means Committee (RM)

18 Assemblyman Edward C. Braunstein
Chair, Assembly Committee on Cities

19 Senator Robert Jackson
20 Chair, Senate Committee on Cities

21 Assemblyman Fred W. Thiele, Jr.
Chair, Assembly Committee on Local Governments

22 Senator James Gaughran
23 Chair, Senate Committee on Local Government

24

1 2020-2021 Executive Budget
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2 General Government
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4 PRESENT: (Continued)

5 Senator John C. Liu
Chair, New York City Education Committee
6

7 Senator Brian A. Benjamin
Chair, Senate Committee on Budget and Revenues
8

9 Assemblyman Colin Schmitt
10

11 Senator Patty Ritchie
12

13 Assemblyman Harvey Epstein
14

15 Assemblyman Charles D. Fall
16

17 Assemblyman David Weprin
18

19 Senator Zellnor Myrie
20

21 Assemblyman Jonathan G. Jacobson
22

23 Senator Anna M. Kaplan
24

Assemblywoman Karen McMahon
1

2 Assemblywoman Catherine T. Nolan
3

4 Senator Gustavo Rivera
5

6 Assemblywoman Nicole Malliotakis
7

8 Assemblyman Robert Carroll
9

10 Senator Diane J. Savino
11

12 Assemblyman Walter T. Mosley
13

14 Assemblywoman Carrie Woerner
15

16 Assemblyman Chris Tague
17

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4 PRESENT: (Continued)

5 Assemblyman Félix W. Ortiz

6 Senator Jamaal T. Bailey

7 Assemblyman John T. McDonald, III

8 Senator Shelley Mayer

9 Assemblyman Steven Otis

10 Senator Monica R. Martinez

11 Assemblywoman Jo Anne Simon

12 Senator Simcha Felder

13 Assemblywoman Tremaine Wright

14 Senator George Borrello

15 Assemblywoman Nathalia Fernandez

16 Senator Rachel May

17 Assemblywoman Catherine Nolan

18 Assemblywoman Rebecca A. Seawright

19 Senator John E. Brooks

20 Assemblywoman Diana C. Richardson

21 Senator Timothy M. Kennedy

22 Assemblyman J. Gary Pretlow

23

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1 CHAIRWOMAN WEINSTEIN: If people can
2 take seats, we'll be ready to begin our
3 hearing momentarily.

4 Good morning. I'm Helene Weinstein,
5 chair of the New York State Assembly's Ways
6 and Means Committee, cochair of today's
7 hearing.

8 Today we begin the ninth in a series
9 of hearings conducted by the joint fiscal
10 committees of the Legislature regarding the
11 Governor's proposed budget for fiscal year
12 2020-2021. The hearings are conducted
13 pursuant to the New York State Constitution
14 and the Legislative Law.

15 Today the Assembly Ways and Means
16 Committee and the Senate Finance Committee
17 will hear testimony concerning the Governor's
18 budget proposal for local governments.

19 I'll now introduce members of the
20 Assembly, and then Senator Krueger, chair of
21 Senate Finance, will introduce members of her
22 conference.

23 So we have, to my left, Assemblyman
24 Thiele, chair of our Local Governments

1 Committee, and Assemblyman Braunstein, chair
2 of our Cities Committee. We have Assemblyman
3 Fall and Assemblyman Ortiz.

4 Senator Krueger.

5 CHAIRWOMAN KRUEGER: Good morning,
6 everyone. I'm joined by Senator John Liu,
7 Senator Brian Benjamin, Senator Zellnor
8 Myrie, Senator Gustavo Rivera.

9 And my ranker on Finance, Senator Jim
10 Seward, will introduce his members.

11 SENATOR SEWARD: Thank you.

12 We're pleased to be joined this
13 morning, from my conference, the ranking
14 member of the Local Governments Committee,
15 Senator Patty Ritchie, as well as a former
16 county executive, now State Senator George
17 Borrello.

18 CHAIRWOMAN KRUEGER: And I made a
19 major mistake and did not introduce the
20 chair, James Gaughran. Sorry about that,
21 Senator Gaughran.

22 CHAIRWOMAN WEINSTEIN: Assemblyman Ra,
23 our ranker on Ways and Means, will introduce
24 the members of his conference.

1 CHAIRWOMAN KRUEGER: And Senator
2 Brooks has also slid over there, so I missed
3 him too. Thank you.

4 ASSEMBLYMAN RA: Good morning.
5 We're joined this morning by
6 Assemblyman Colin Schmitt, the ranking member
7 on the Local Governments Committee, and
8 Assemblywoman Malliotakis, a member of the
9 Assembly Ways and Means Committee.

10 CHAIRWOMAN WEINSTEIN: Before
11 introducing our first witness, I just want to
12 remind all witnesses testifying today to --
13 if you could please keep your statement
14 within the allotted time limit so everyone
15 can be forwarded the opportunity to speak.

16 For the witnesses that will be coming
17 later, your testimony has already been
18 submitted and circulated to the members, so
19 there's no need to read it verbatim. You'll
20 never get to the end; it always takes longer
21 than you think. So a concise summary of your
22 major points would be much more productive.

23 And really also then for the members,
24 just -- and the witnesses, we do have the

1 time clocks. Please pay attention. The
2 clocks are for both questions and answers, so
3 that we can get to the last person on the
4 list and have them have an opportunity to
5 also speak as well as have all our questions
6 answered.

7 Just another bit of rules. For
8 members, the chair of the committee has --
9 of the relevant committee has 10 minutes, all
10 other members five minutes. And the
11 chairs are the only ones who have a second
12 round.

13 Senator.

14 CHAIRWOMAN KRUEGER: We've also been
15 joined by Senator Robert Jackson and Senator
16 Anna Kaplan.

17 CHAIRWOMAN WEINSTEIN: So with all
18 that being said, we are ready to begin our
19 first witness, no stranger to the table.
20 We'll see if we can keep it within a
21 reasonable time. Mayor Bill de Blasio, the
22 floor is yours.

23 MAYOR DE BLASIO: Thank you.

24 Chair Weinstein, Chair Krueger, thank

1 you so much. Ranking Minority Members Seward
2 and Ra, thank you. And of course thanks to
3 all the members here and your leaders:
4 Majority Leader Senator Stewart-Cousins and
5 Speaker Heastie.

6 I want to thank everyone for the work
7 we've all done together, and the
8 extraordinary work you did in the last
9 legislative session.

10 I'm joined here today by two key
11 members of my team, our City Budget Director
12 Melanie Hartzog, and our Interim Director of
13 State Legislative Affairs Chatodd Floyd, who
14 will join me in answering your questions.

15 Right up front, I want to say, given
16 the shootings that targeted our police force
17 this weekend, I know you will all join me in
18 keeping our officers in your thoughts and
19 prayers. Three brave police officers --
20 thank God they all will make a full recovery,
21 according to the doctors. But I ask that
22 everyone please keep them and their families,
23 their precinct, the entire NYPD in your
24 thoughts and prayers.

1 This is the seventh time, Chairs, that
2 I've had the honor of being here before you.
3 Again, thank you for what you achieved in
4 2019 -- extraordinary impact for the whole
5 state and for New York City. My written
6 comments speak to the appreciation we all
7 feel for what you achieved in 2019.

8 Unfortunately, I have to turn now to a
9 more painful situation in this budget, which
10 is the fact that there are extraordinary cuts
11 proposed in the Executive Budget which would
12 have a truly negative effect on the people of
13 our city.

14 And I will delineate a few of those
15 points right now, but I need to first say
16 that the cuts in this year's Executive Budget
17 are of a magnitude we have never seen before.
18 Right now the combined cuts would have an
19 impact of \$1.4 billion in reduced services
20 for the people of New York City --
21 1.4 billion. It is fair to say that we
22 cannot let that happen. We're depending on
23 all of you for help and support in this
24 moment. These cuts would be nothing less

1 than devastating for everyday New Yorkers.

2 We are used to, in past Executive
3 Budgets, attempts to cut. And in fact if you
4 add up over the previous six years the impact
5 of cuts to New York City by the previous
6 Executive Budgets, and ones that were
7 ultimately enacted, it is more than
8 \$1 billion in cuts and cost shifts.

9 So I want you to consider this point.
10 The fiscal '21 proposed cuts in the Executive
11 Budget total more than all the cuts New York
12 City has sustained in all six years combined
13 previously. That is the magnitude. We need
14 your help more than ever before.

15 I'll go through the three key areas
16 that make up this \$1.4 billion cut. First
17 and biggest, the Governor wants to shift \$1.1
18 billion in Medicaid costs to New York City.
19 It's not only unfair, it's just not grounded
20 in the reality of how Medicaid works. I want
21 to remind you we have already sustained a 1
22 percent cut in Medicaid funding to our Health
23 + Hospitals that was announced in December.

24 The Medicaid Redesign Team is

1 potentially looking at up to 2.5 billion in
2 additional savings, and if they cannot find
3 those savings, the Governor proposes to take
4 that 2.5 billion and cut it from localities
5 around the state.

6 To say the least, we are all in the
7 same boat here. Alone, any of these cuts
8 would have painful consequences. But adding
9 them together would put the health and
10 welfare of the state's largest city at
11 risk -- and would undermine all the progress
12 we've made in recent years bringing the
13 Health + Hospitals Corporation back to
14 solvency and making it more effective. This
15 would literally set us back years.

16 It's the largest public health system
17 in the nation, caring for more than a million
18 New York City residents each year. It could
19 not withstand cuts of this magnitude without
20 reductions, profound reductions in services
21 to people who need healthcare. And again,
22 this would be true all over the State of New
23 York.

24 What would it mean for us if there was

1 a \$1.1 billion cut? First, in Health +
2 Hospitals we project it would mean the
3 closing of 19 neighborhood clinics which
4 treat 140,000 patients a year. It would
5 result in the layoff of 1,300 doctors and
6 nurses, front-line healthcare providers,
7 which would result in longer wait times for
8 patients. And the specialty areas that would
9 be affected would be treatment of cancer,
10 heart disease, mental health, a number of
11 other very, very serious needs.

12 This could potentially lead to the
13 total elimination of the Summer Youth
14 Employment Program, which reaches 70,000
15 young people each summer. It could lead to
16 the total elimination of the COMPASS program,
17 which is after-school programming that
18 reaches 120,000 students each year. This is
19 the magnitude of what we would have to do
20 both in Health + Hospitals and beyond,
21 because Health + Hospitals alone could not
22 sustain this cut without even more profound
23 setbacks to the healthcare of New Yorkers.

24 That said, I want to be clear: We

1 stand ready to work with the state to find a
2 solution. Our Social Services Commissioner
3 Steve Banks already helped the state to
4 achieve \$180 million in Medicaid savings. We
5 believe there's at least 260 million more if
6 the state will work with us.

7 And the key point here. Who runs
8 Medicaid? The State of New York runs
9 Medicaid. The State of New York sets the
10 rules. The State of New York sets the rates.
11 Handing the bill for the state's
12 responsibility to the people of the City of
13 New York or any other locality isn't right
14 and isn't workable.

15 There is no locality that could handle
16 the fiscal impact of this cost switch. And
17 even to achieve savings, which we stand ready
18 to do, we can only do it with state
19 cooperation.

20 I believe there's three ways out of
21 this situation. First, the Medicaid Redesign
22 Team should work with localities to achieve
23 real savings. Second, the state should
24 revise the Medicaid global cap to reflect the

1 healthcare that New Yorkers actually need and
2 its real cost. And third, if we're going to
3 make healthcare available for everyone who
4 needs it, then we must ask the wealthiest
5 among us to pay their fair share in taxes so
6 that all can be healthy.

7 Lives are literally on the line, and
8 we urge the state to remove this cut to
9 localities and safeguard public health by
10 focusing on finding efficiencies and reforms
11 in the state-run Medicaid program.

12 The second potential risk is about the
13 future of our children -- a \$136 million
14 shortfall for education and real consequences
15 for our kids and our schools. This would
16 mean the equivalent of removing 400 social
17 workers and guidance counselors from our
18 schools. That is what this cut could lead
19 to, in addition to ending programming for
20 restorative justice that has been successful
21 in reducing the need for suspensions and
22 creating a safer school environment.

23 Everyone here knows that we have still
24 not gotten the resources, neither New York

1 City nor Buffalo, Syracuse, Albany -- none
2 have gotten the resources promised by the
3 Campaign for Fiscal Equity settlement, and we
4 still need that. If we had that, we could
5 bring 100 percent Fair Student Funding to
6 every school in New York City.

7 Third, cuts to TANF. Last year
8 Temporary Assistance to Needy Families was
9 slashed by 10 percent, this year an
10 additional 5 percent cut is proposed. It
11 will result in the loss of \$100 million over
12 two years. We would have to eliminate
13 preventative services that help 5500 children
14 and help protect them from child abuse and
15 neglect.

16 Again, these cuts year after year are
17 adding up and are going to take away our
18 basic capacity to serve people. We urge you
19 to restore this cut as well as the education
20 cut I mentioned a moment ago.

21 Very quickly, I need to note that
22 there is an unrealistic deadline -- and I
23 have to say absurd penalties -- that have
24 been proposed in the Executive Budget

1 regarding the relocation of the Pier 76 tow
2 pound. The Executive Budget imposes a
3 \$12 million fine on New York City, with
4 \$3 million additional per month after the end
5 of this year.

6 It's utterly unrealistic. It
7 literally would cause us to violate city law
8 that requires a land use process for any such
9 action to take place. And that process, by
10 law, takes more than a year to begin with.
11 This tow pound is basically the size of Union
12 Square Park. Finding an alternative in and
13 near Manhattan is a very complex undertaking.
14 We need your help removing this
15 unrealistic -- and I think from a city
16 perspective -- unlawful act to penalize the
17 City of New York.

18 I know my time is short. I will only
19 say very quickly, by way of summary, we do
20 agree with the Executive Budget on the
21 proposal on e-bikes and e-scooters. We do
22 agree with the Executive Budget on the
23 legalization of the adult use of cannabis
24 products. We want to make sure that there is

1 also economic justice in what is done on that
2 change.

3 And then finally, I will run through
4 very briefly some areas that we need your
5 help in. First, homelessness. We are taking
6 aggressive steps to end long-term
7 homelessness in New York City, the most
8 expansive strategy we've ever employed, the
9 Journey Home vision announced in December.
10 We ask that you support the Krueger-Hevesi
11 Home Stability Support Act. This would allow
12 us to keep 25,000 New Yorkers in their homes
13 and out of shelter.

14 We also ask your help addressing the
15 question of the MTA. To this day, the MTA
16 has only finished 30 percent of the projects
17 delineated in its last capital plan: 380
18 projects out of 1300 that were authorized in
19 2015. And yet the MTA is asking us for
20 billions of dollars more in resources.

21 I want to make clear to all of you,
22 the last time we funded the MTA capital plan
23 in 2015, that money has still not been spent
24 by the MTA. Before the MTA asks for more

1 money, we insist that they do an actual audit
2 to determine the changes they need to become
3 efficient, that they use the money we've
4 given them before, they use the money that
5 you rightly authorized last April, the new
6 funding that will be coming to the MTA, and
7 that they commit to accountability and
8 transparency that we have not seen previously
9 from the MTA.

10 I'll be very quick, with your
11 indulgence. We ask your continued commitment
12 to the New York City Housing Authority and
13 the 400,000 people who live there. The City
14 of New York, because the federal government
15 has stepped away from its obligations to
16 public housing over years and years --
17 decades -- the City of New York has committed
18 during my administration \$6 billion to help
19 improve and fix public housing. I want to
20 commend the advocates and the elected
21 officials all over the city, including
22 Council Speaker Corey Johnson, who have been
23 calling on the state to invest an additional
24 2 billion in NYCHA's capital needs. This

1 would allow us, to give you one example of
2 the impact that would have, to renovate 8,000
3 apartments and make them acceptable and
4 quality housing that would reach 20,000
5 New Yorkers.

6 I also want to note, on the issue of
7 criminal justice reform, my thanks again to
8 the Legislature for the actions you took last
9 year, which were necessary and crucial and
10 will help us advance justice and fairness and
11 reduce mass incarceration.

12 I believe it is important, however,
13 for judges to have more flexibility, as I've
14 said before. And I believe we can work
15 together to find a solution acceptable to
16 all.

17 I also want to ask your help
18 addressing what has become a crisis, the loss
19 of small businesses all over New York City.
20 I believe one of the solutions to save our
21 mom-and-pop stores is to institute a vacancy
22 tax. I want to thank Senator Hoylman and
23 Assemblymember Glick for their proposal,
24 which I agree with. It simply says if a

1 landlord consistently leaves a storefront
2 vacant for a long period of time, blighting a
3 community, keeping that storefront from a
4 small business, undermining the quality of
5 life, that landlord should have to pay
6 something more.

7 I urge you to act on this proposal
8 this session -- and in this budget, ideally.

9 Finishing up, we have seen tremendous
10 progress legislatively. Last year, what all
11 you of you did to protect millions of
12 rent-regulated New Yorkers was one of the
13 most profound acts in recent decades to keep
14 New York City affordable. But there is more
15 to be done. There's nearly 900,000
16 apartments that do not have protections. Two
17 and a half million New Yorkers, at this
18 moment, have no protection against rent
19 gouging, have no guarantee that their lease
20 will be renewed if they are acting
21 appropriately, have no guarantee they will
22 not be arbitrarily left on the street.

23 We need universal renter protection.
24 That legislation, to be effective, must

1 include well-crafted exemptions, including
2 for new construction and owner-occupied
3 housing, and must ensure that the
4 anti-gouging measure within is based in real
5 and vigorous analysis.

6 I also want to note on housing we have
7 an extraordinary opportunity to do something
8 never done before in this city and state,
9 which is to give people the opportunity to
10 get an apartment without having to pay a
11 traditional security deposit. There is a new
12 approach which I support which would allow
13 people to pay very small monthly payments and
14 avoid that overwhelming up-front cost that's
15 made it impossible for so many people to get
16 affordable housing. I urge you to act.

17 Lastly, on property taxes, something I
18 know there's tremendous concern on not just
19 in the Assembly and Senate, but in our
20 communities -- I've heard this at town hall
21 meeting after town hall meeting. The City
22 Council and I put together the first
23 commission since 1993 to review this issue.
24 Its preliminary report, 10 recommendations,

1 would create the biggest reform in 40 years
2 in our property tax system, would finally end
3 the vast disparities between neighborhoods
4 that are so unfair to so many of our
5 constituents, would create the kind of
6 consistency and transparency we need.

7 We have made sure in the preliminary
8 proposals -- and the final proposals will be
9 out in the months ahead, but the preliminary
10 proposals speak very clearly to the need to
11 protect seniors and low-income New Yorkers
12 and folks who need to be exempted or treated
13 differently in this process. And of course
14 this would be something that would be phased
15 in mindfully.

16 But we need property tax reform. It's
17 a matter of basic fairness.

18 I want to, in conclusion, thank
19 everyone for the opportunity to bring the
20 city's concerns forward to you. Today's
21 hearing is part of what I could call a
22 time-honored budget process, but there is
23 nothing business as usual about the threat we
24 face from the Executive Budget.

1 And I'll conclude as I began. This
2 process involves a lot of dialogue and a lot
3 of thoughtful questions and a real
4 conversation about what's best for our
5 people. The Executive Budget has put into
6 play a series of cuts that we have never seen
7 before on this scale that could literally
8 undermine the healthcare and the basic
9 quality of life of millions of New Yorkers.
10 We can't let that stand. I ask your help and
11 support in addressing this urgent challenge.

12 And with that, I want to thank you for
13 the opportunity to be with you and look
14 forward to your questions. And thank you,
15 Chairs, for your indulgence.

16 CHAIRWOMAN WEINSTEIN: Thank you.

17 We're going to go to our Cities chair,
18 Assemblyman Braunstein.

19 ASSEMBLYMAN BRAUNSTEIN: Good morning,
20 Mr. Mayor. Ms. Hartzog, Mr. Floyd, thank
21 you.

22 In your testimony you touched on what
23 many here testifying with local governments
24 today will agree is one of the most

1 consequential aspects of the Governor's
2 proposal, which is the cost shift of local
3 Medicaid growth. The Governor has defended
4 this proposal by arguing that since the state
5 takeover of local Medicaid growth, I believe
6 it was in 2015, local governments have lacked
7 an incentive to rein in increased spending in
8 Medicaid. He's described the situation as
9 local governments suffering from what he
10 calls "blank check syndrome."

11 Why is this characterization unfair?
12 And what areas has the city identified as
13 responsible for the growth in Medicaid?

14 MAYOR DE BLASIO: Mr. Chair, it's just
15 inaccurate. It doesn't represent reality.

16 The State of New York runs the
17 Medicaid program. The State of New York sets
18 the rules, sets the rates. The localities
19 act as enrollment agents.

20 That said, we do believe there are
21 ways that we can save money. We've proven it
22 previously. We need the state's involvement.
23 It's literally impossible to make those
24 savings without the state being a partner.

1 And I said we believe right away there's
2 another quarter-billion, minimum, that can be
3 found in ongoing savings.

4 But the -- you kind of have to suspend
5 belief here when you see some of these
6 claims, because it doesn't bear resemblance
7 to reality. If the costs are being driven up
8 because the minimum wage went up, well, I
9 supported that minimum wage increase. That
10 was not a decision that localities made, that
11 was made here, rightfully. If the costs are
12 going up because there's been an increase in
13 enrollment, well, I think we all agree we
14 want people to get healthcare, we want people
15 to be insured.

16 Most of that increase in enrollment
17 has happened outside of New York City. And
18 again, that means that in the suburbs and
19 upstate there's been a conscientious effort
20 to ensure that those eligible actually got
21 healthcare. I think an honest conversation
22 is called for. And I think that the
23 executive branch should accept responsibility
24 for the program they run and then talk about

1 the right ways to address it.

2 I think there are three: Real savings
3 that could be found, which we're going to
4 work with them on, and I think other
5 localities would happily do so as well. But
6 we can't independently create savings out of
7 thin air.

8 Second, the cap. The cap is the
9 fundamental problem here. We either believe
10 that everyone who needs healthcare should get
11 healthcare, or we don't. I believe we -- I
12 think it's a consensus in this Legislature,
13 people who need healthcare should get it.
14 The cap is standing in the way of that. It's
15 an artificial restraint, it should be
16 removed.

17 And finally, we could all debate what
18 kind of revenue, but I at least want to be
19 constructive and say, if you say no, the only
20 way out is new revenue, well, I still think
21 it is a known fact and is something believed
22 by independents, Republicans, Democrats
23 alike, that the wealthy are not paying their
24 fair share in taxes. And if the wealthy paid

1 a little more so everyday people could have
2 healthcare, I think that's a fair solution.

3 So those are three ways, in any
4 combination, that could get us out of this
5 jam. But localities don't run the program.
6 We need the solutions to come from Albany.

7 ASSEMBLYMAN BRAUNSTEIN: Sure. You
8 know, I agree with you, and I haven't heard
9 any other outlet back up the Governor's
10 argument that it is the localities who are
11 responsible for the increase in Medicaid
12 growth. I just wanted to see your take on
13 it.

14 I do appreciate the fact that the city
15 is working to recognize ways to address the
16 Medicaid cost increases. In your testimony
17 you spoke about a savings of \$260 million
18 that the city has identified.

19 Can you expand on that a little bit?

20 MAYOR DE BLASIO: Yes, Mr. Chair.
21 The -- there are still -- and again, this can
22 only be done with the state, because they
23 control the program.

24 And I'll note, just to this question

1 and the previous, there's been some
2 allegation out there that the city is, you
3 know, welcoming people to sign up for
4 Medicaid. Well, the state's doing the exact
5 same thing, saying if someone qualifies, we
6 will work with you to get you signed up. If
7 you don't qualify, you don't qualify.

8 Localities all over the state,
9 Democratic and Republican-run, small, big
10 jurisdictions, are all saying the same thing.
11 They can't understand what's happening here,
12 because we don't run the program.

13 But we can help with savings. And the
14 examples there still are people who move out
15 of state but are not being captured in the
16 data so they can be removed from Medicaid.
17 There are classic bureaucratic problems like
18 people who are deceased, checks still going
19 to them. There's all sorts of basic
20 efficiency that could be addressed.

21 And we know there's also waste, fraud
22 and abuse, people trying to game the system,
23 that we want to crack down on and want to
24 work with the state to crack down on.

1 So just the basics alone, better joint
2 efforts to weed out duplication and weed out
3 any effort to undermine the system, that's a
4 quarter-billion dollars right there. And we
5 want to keep going.

6 But, you know, I always say we're
7 honest about what we run and what we don't.
8 And if you have an issue with schools, come
9 to me. With sanitation, come to me. With
10 police or fire, come to me. But if you want
11 to talk about how decisions are made under
12 Medicaid, the Governor and the state run the
13 Medicaid program. I just wish they would
14 accept that responsibility and then talk
15 about the constructive options, three of
16 which I've outlined here, that could get us
17 all out of this crisis.

18 If we don't, it means healthcare will
19 be taken away from people. And I think New
20 York State has prided itself, against the
21 backdrop of the country where there's been a
22 huge debate over Medicaid and the Affordable
23 Care Act and you've seen states that
24 literally said they would not participate in

1 Medicaid expansion and left people without
2 healthcare. New York State has been one of
3 the leaders saying, no, we want people to
4 have healthcare, we want people to have
5 insurance. If we don't address this in the
6 next months, you're going to see people
7 starting to lose their healthcare.

8 ASSEMBLYMAN BRAUNSTEIN: Thank you.
9 And we look forward to working with you on
10 some of those proposed ideas to find savings.

11 Regardless of who's responsible, there
12 is sometimes a sense that the city economy is
13 booming and the city has a lot of tax revenue
14 and they could just afford to share some of
15 the burden, considering we're facing a \$6
16 billion budget deficit.

17 Can you expand on how this cost shift
18 would have tremendous implications for city
19 services and how the city just cannot sustain
20 adding this additional burden?

21 MAYOR DE BLASIO: To those I -- thank
22 you for the question. To those who feel
23 that, I would first say, look at the billion
24 dollars plus in recurring cuts, meaning

1 what's happened over recent years, it's taken
2 over a billion dollars every single year now
3 out of our budget, so that's being paid by
4 the taxpayers of New York City. More and
5 more things are being picked up. We
6 obviously have had unfunded mandates that we
7 have to cover. This has been a recurrent
8 reality.

9 But on top of that, we are constantly
10 aware that the City of New York has to
11 address all the problems of the past that
12 we've inherited. For example, the Health +
13 Hospitals Corporation was near bankruptcy
14 when I took office, was teetering on the
15 brink. Same with the Housing Authority. We
16 had to stop them both from going bankrupt,
17 turn them around. In the case of Health +
18 Hospitals, we've actually come a long way;
19 it's not only solvent, it's becoming much
20 more effective and efficient. They have a
21 long way to go on the Housing Authority. But
22 these are two entities that used to benefit
23 from a tremendous amount of federal and state
24 support. That's just not the same anymore.

1 If we don't keep them solvent and whole,
2 you're talking about a tremendous decline in
3 the quality of life for New Yorkers. And a
4 city that is strong economically at this
5 point, that the entire state depends on for
6 economic growth and for tax revenue, would
7 suffer, deeply.

8 Also a reminder that we are the last
9 line of defense for our people, meaning in
10 the event of a global economic downturn,
11 which by every economists' measure should
12 happen at some point in the not-too-distant
13 future -- I don't wish for it, I knock on
14 wood, I hope it never does. But it's been a
15 long time since we had one. That's going to
16 have a tremendous effect on the federal
17 government and state government. That's
18 going to reduce a huge amount of revenue for
19 New York City right there. We would have
20 very little left to protect our people with.

21 ASSEMBLYMAN BRAUNSTEIN: Just on that
22 note -- I have a minute left -- speaking of a
23 potential economic downturn, in November the
24 voters approved the creation of a rainy day

1 fund. That's something that would have to
2 come through the state. You didn't mention
3 it in your testimony. Is that something the
4 city is actively pursuing?

5 MAYOR DE BLASIO: I would say -- and I
6 can tell the budget director wants to jump
7 in -- that, one, we have the highest reserves
8 we've ever had. Thank God we've made that a
9 crucial priority, along with the Council.
10 But that is because we recognize how, in the
11 event of a downturn, there would not be
12 support available from other levels of
13 government. And to keep city services
14 going -- police, fire, schools -- we needed
15 that deep reserve. So we've been doing that
16 on our own.

17 But let me have our budget director
18 speak to it as well.

19 (Off the record mic discussion.)

20 OMB DIRECTOR HARTZOG: So we are
21 actively working with legislators to get a
22 rainy day bill done. We want to make sure
23 that we have the ability to both get our
24 reserves as well as the rainy day fund. I

1 think we want as much flexibility as possible
2 when it comes to being able to access a rainy
3 day fund. You don't know you're in a
4 recession till you're actually in one, so we
5 want to make sure that the city has the
6 ability to access those funds before you
7 actually get to that point.

8 ASSEMBLYMAN BRAUNSTEIN: Okay. Thank
9 you.

10 MAYOR DE BLASIO: Thank you.

11 CHAIRWOMAN WEINSTEIN: Thank you.

12 We've been joined in the Assembly by
13 Assemblyman Carroll, Assemblywoman Nolan,
14 Assemblyman Tague.

15 And we now go to the Senate for
16 questions.

17 CHAIRWOMAN KRUEGER: Thank you.

18 We've been joined by Senator Felder.

19 And our first questioner is Robert
20 Jackson, chair of Cities.

21 SENATOR JACKSON: Good morning, Bill.

22 MAYOR DE BLASIO: Good morning.

23 SENATOR JACKSON: How are you?

24 MAYOR DE BLASIO: I'm doing well, my

1 friend.

2 SENATOR JACKSON: So let me thank you
3 for --

4 MAYOR DE BLASIO: I think your
5 microphone's not on, though, brother. There
6 you go.

7 SENATOR JACKSON: Let me thank you --
8 and I'll turn to this one. This doesn't work
9 too well. Hello? Hello? Much better.

10 First let me thank you for your
11 leadership in New York City. Obviously we
12 need a progressive focus on the needs of New
13 York City. And looking at at least the
14 Medicaid budget situation we're in, it seems
15 as though that New York City is being dumped
16 on. And correct me if I'm wrong. I
17 believe -- that's what I feel, and based on
18 what I've heard from you, you feel that way
19 also on behalf of New York City. Am I right
20 or wrong?

21 MAYOR DE BLASIO: You are right,
22 Senator. And I just want to add I have
23 talked to county executives, I've talked to
24 mayors from all over the state. Democrats

1 and Republicans alike feel the exact same
2 thing, that localities are being asked to
3 deal with a cost that they cannot possibly
4 handle. It's either going to bankrupt a lot
5 of localities or they're going to have to
6 take away healthcare from people who need it.
7 That's happening all over the state because
8 of this proposal.

9 SENATOR JACKSON: So big or small, it
10 doesn't matter, everyone feels the same way,
11 based on your communication with locality
12 leaders.

13 MAYOR DE BLASIO: A hundred percent
14 consistent, Senator.

15 SENATOR JACKSON: So in listening to
16 the Governor when he had his State of the
17 State address, he indicated that he was going
18 to put this, what is it, MRT II together with
19 Dennis Rivera and the head of the Northwell
20 Hospital big conglomerates. But they will
21 get a \$2.5 billion cut that would have no
22 negative impact on the people that we
23 represent. As far as layoffs, anything else.
24 Did you hear that, or did I hear something

1 totally different?

2 MAYOR DE BLASIO: Senator, I think
3 you're right to say that is the ideal
4 outcome. And I think there are specific ways
5 that can be achieved, including removing the
6 cap and getting additional revenue from those
7 who have done very well.

8 But my fear, Senator, is the mandate
9 leaves open the possibility that if they
10 cannot achieve that ideal, then the cuts will
11 be passed on to localities. And I didn't say
12 this in response -- and I should have -- to
13 Assemblymember Braunstein, that the fact is
14 that localities are paying that 25 percent as
15 we always have. I want no one to have the
16 illusion that localities are not contributing
17 a massive amount. The -- or we are,
18 certainly.

19 The fact is the growth is the
20 question. And the state rightfully addressed
21 that crisis years ago. I agreed with what
22 the Governor did back then, and I think he
23 should stick with it. That that growth was
24 going to bankrupt localities, and it was

1 necessary to have the state step in or else
2 you were not going to be able to give a lot
3 of people healthcare.

4 SENATOR JACKSON: What is the
5 percentage of people in New York City --
6 because the Governor talked about 3 percent
7 and if you get below that, then you will get
8 -- save money and get some money; if you go
9 beyond that, it has to come out of your
10 hide -- in essence, the locality.

11 What percentage of Medicaid is
12 New York City?

13 MAYOR DE BLASIO: I want our budget
14 director to first tell you the base amount
15 that we are paying every single year
16 regardless, and then talk about that range
17 you're discussing.

18 SENATOR JACKSON: Hi, Melanie. How
19 are you?

20 OMB DIRECTOR HARTZOG: So our yearly
21 contribution to Medicaid on an annual basis
22 is \$5 billion.

23 SENATOR JACKSON: Five billion.

24 OMB DIRECTOR HARTZOG: Five billion

1 dollars.

2 MAYOR DE BLASIO: Every year.

3 OMB DIRECTOR HARTZOG: The way that
4 the proposal is currently written is if you
5 are a locality and you exceed the 2 percent
6 property tax cap, which is not happening in
7 the city --

8 SENATOR JACKSON: Can you pull the mic
9 a little closer to you?

10 OMB DIRECTOR HARTZOG: Sorry?

11 SENATOR JACKSON: Can you pull the mic
12 a little closer to you?

13 OMB DIRECTOR HARTZOG: Sure.

14 The way that the proposal is written
15 is if you exceed the 2 percent property tax
16 cap, which we do not have in New York City,
17 and you also exceed 3 percent growth in
18 Medicaid year over year, you the locality are
19 responsible for 100 percent of the cost.

20 For us, we estimate, based on last
21 year's growth -- as reported by the state,
22 that was 6.99 percent, which would then
23 translate into what the mayor is discussing,
24 which is another \$1.1 billion hit to New York

1 City in terms of our overall cost on
2 Medicaid.

3 SENATOR JACKSON: So if New York City
4 had to absorb all of that, play that scenario
5 out. How much money are we talking about?

6 OMB DIRECTOR HARTZOG: So as the mayor
7 discussed in his testimony, there is no
8 ability for the Health + Hospital system to
9 be able to absorb that level of cut without
10 seriously having a detriment to the hospital
11 system itself.

12 So we would have to look across the
13 board at a number of different city services.
14 We talked about having to close --

15 SENATOR JACKSON: You mean city
16 services not to add, but to cut, you're
17 talking about.

18 OMB DIRECTOR HARTZOG: Right, correct.

19 SENATOR JACKSON: Is that correct?

20 OMB DIRECTOR HARTZOG: And that would
21 be reoccurring, also as the mayor said, in
22 the baseline each year.

23 Closing of clinics, 19 clinics,
24 elimination of after-school programming --

1 SENATOR JACKSON: Is New York City
2 being treated the same way as every
3 municipality as far as the amount of income
4 that is being provided for Medicaid? Or is
5 New York City treated separately and apart
6 from everyone else?

7 OMB DIRECTOR HARTZOG: There is no
8 other state that passes on the level of local
9 share on Medicaid than New York State.

10 SENATOR JACKSON: No other state.

11 OMB DIRECTOR HARTZOG: Not at the
12 level that we do pay, any locality.
13 Obviously we, New York City, pay a
14 significant amount -- as I said, it's that \$5
15 billion annually -- for the cost of Medicaid.

16 SENATOR JACKSON: So in essence, do
17 people think that New York City has an
18 unlimited amount of money that we can pick up
19 everything? I know New York City is a big
20 city, the biggest -- one of the biggest in
21 the country. And I know we have a large
22 budget. But do we have enough money to
23 provide all of the things that are being
24 required in this budget, along with not

1 cutting services? That's the direct question
2 I'm asking.

3 MAYOR DE BLASIO: No.

4 SENATOR JACKSON: The answer's no?

5 MAYOR DE BLASIO: The answer is no.

6 If we -- if we sustain this level of cut, we
7 will have to reduce healthcare services for
8 New Yorkers profoundly -- again, closing
9 clinics, laying off doctors and nurses -- and
10 it goes beyond. It would affect our school
11 system, it would affect our youth
12 programming.

13 We could not sustain it.

14 One-point-one billion dollars that is
15 suddenly gone has a seismic negative effect.
16 And again, you've watched this, Senator.
17 This is against a background of the Health +
18 Hospitals Corporation, just a few years ago,
19 was teetering on the brink of bankruptcy.
20 Which, you know, it is in the interests of
21 everyone here that the million people who
22 depend on it for healthcare have consistent,
23 quality healthcare, and that those public
24 hospitals survive. This cut will

1 fundamentally undermine that.

2 SENATOR JACKSON: Mr. Mayor, let me
3 turn to education. As you know, there is a
4 lawsuit that is pending right now regarding
5 the Campaign for Fiscal Equity under the Fair
6 Student Funding formula, and the City of New
7 York owed, depending on who you ask, 1.5 to
8 1.1 billion dollars.

9 Michael Rebell, the attorney that's
10 handling the case, goes to trial in front of
11 Supreme Court Justice Lucy Billings this
12 fall. Has your office been involved in
13 monitoring this case for the needs of the
14 children of New York City?

15 MAYOR DE BLASIO: Yes, Senator. This
16 -- it's a sad fact that you and Mr. Rebell
17 and others need to keep fighting the same
18 case you won so long ago. And you won fair
19 and square, and the Court of Appeals said the
20 Campaign for Fiscal Equity concept needed to
21 be implemented. There was a settlement. And
22 but for a brief period of time, it has been
23 ignored by the State of New York.

24 So for all the folks who say,

1 rightfully, they'd like to see all of our
2 schools put on a perfectly equal footing with
3 Fair Student Funding, we could do that
4 instantly if we were given our full CFE
5 funding.

6 SENATOR JACKSON: So let me switch to
7 children with -- that have IEPs. I'm reading
8 here that in 2019, the State Education
9 Department investigation found significant
10 issues with New York City's special education
11 hearings, and as of January 2020 in New York
12 City there were more than 10,000 open IHO
13 cases and 6,000 late cases. The total of
14 late cases and open cases in New York State,
15 the rest of the state, was only 250.

16 Why is that? Understanding that
17 children that have IEPs need help and they
18 need it now and they can't wait three or four
19 years for the services that they need to
20 have.

21 MAYOR DE BLASIO: I'll start very
22 quickly and pass to the budget director.

23 SENATOR JACKSON: Sure.

24 MAYOR DE BLASIO: Senator, I know it's

1 been a deep concern to the Legislature, and
2 we've been working together. The number of
3 those cases has been steadily reduced. We've
4 moved away from parents having to use the
5 legal system. There is much more -- we are
6 deprogramming, to be very blunt, a very
7 cynical strategy that used to be employed by
8 the Department of Education in the previous
9 administration to overtly deny parents
10 special education as a budget action, as a
11 way of saving money rather than serving
12 parents and children.

13 We have steadily increased -- and the
14 budget director will tell you how much money
15 we're spending every single year because
16 we've opened up those gates and made sure
17 that people are getting it. But we have more
18 to do for sure.

19 SENATOR JACKSON: Please make sure
20 that you put as many staff there in order to
21 deal with those cases. This is extremely
22 important for the parents of the thousands
23 and thousands of students with IEPs.

24 You don't need to go and give me that,

1 but I just want you to say you need to focus
2 more on them.

3 My last question before the time runs
4 out, has the MTA provided any of the
5 information you sought as a condition for
6 your city's contributing \$3 billion in the
7 2020-'24 capital plan? Has the MTA provided
8 any of that information that you requested?

9 MAYOR DE BLASIO: Not -- no. The
10 simple answer is no. Although we work with
11 them consistently, we're trying to have a
12 productive relationship. The central thing
13 we asked for was an audit -- and I know you
14 all asked for it too -- an audit that would
15 actually go at the central question of why
16 are they wasting so much money, why do their
17 projects take so long, what's it going to
18 take to fix it.

19 That was the audit we expected. What
20 came back was an audit that literally evaded
21 those simple questions that none of us would
22 be able to defend. And so we have
23 consistently asked the MTA to do a real audit
24 that would tell them how to start paying

1 taxpayer money effectively. We're still
2 waiting for that answer.

3 SENATOR JACKSON: Thank you. Thank
4 you, Madam Chairs.

5 CHAIRWOMAN WEINSTEIN: Thank you.

6 We go now to Assemblyman Thiele.

7 ASSEMBLYMAN THIELE: Good morning,
8 Mr. Mayor.

9 MAYOR DE BLASIO: Good morning.

10 ASSEMBLYMAN THIELE: I chair Local
11 Governments, which -- Mr. Braunstein has
12 cities, I've got counties, towns, villages.
13 Counties obviously have the same issue as you
14 mentioned before, regardless of political
15 persuasion, big counties, small counties,
16 with regard to the Medicaid proposal.

17 MAYOR DE BLASIO: Yes.

18 ASSEMBLYMAN THIELE: And I share your
19 feeling that this is not -- this is simply a
20 cost shift to local governments if this
21 proposal goes through. And, further, I think
22 it is a shift, at least in the case of
23 counties, to a less progressive tax base
24 where it's going to get paid for with sales

1 taxes and property taxes.

2 Just a couple of questions just to
3 kind of flesh out some of the things that
4 were in your testimony. You said there
5 should be a revision to the Medicaid global
6 cap. Any sense of where you -- what you
7 think that revision should look like, what
8 that percentage should be?

9 MAYOR DE BLASIO: I will start, and if
10 the budget director wants to add, that --
11 look, I think the cap was artificial against
12 the backdrop of trying to make sure that
13 people got healthcare. And the backdrop of a
14 perfectly legitimate appropriate action,
15 which was increasing the minimum wage.

16 So I think the cap itself as a concept
17 is standing in the way of the basic mission
18 of ensuring that all New Yorkers get
19 healthcare. So that's my broad statement.

20 Do you want to add?

21 OMB DIRECTOR HARTZOG: I would just
22 say that it has -- it needs to be revisited.
23 It's been some time since that cap was
24 actually set, and since that time costs have

1 grown. And I think across the state it's
2 primarily been in long-term care, both in
3 terms of enrollees, based on the state's
4 program of actually enrolling individuals and
5 having individuals who are taking care of --
6 caregivers or, you know, parents, et cetera,
7 at home.

8 That program has grown. It's a
9 state-run program. And the costs have grown
10 for that program overall. So I think it
11 needs to be revisited overall, and I believe
12 the commissioner for the State Department of
13 Health at the hearing also acknowledged that
14 fact as well.

15 MAYOR DE BLASIO: And Mr. Chair, very
16 quickly, your point -- I want to amplify.
17 For a lot of localities, if this is not
18 addressed, the only places they can turn are
19 an increase in property tax, which is
20 unacceptable to localities and to citizens
21 all over the state, an increase in sales tax,
22 which is regressive.

23 We are staring at the solutions, which
24 are, you know, greater efficiency together,

1 raising that cap, and getting -- if we need
2 new revenue, getting it from those who have
3 done very, very well.

4 But I fear that a fiction is being
5 created that somehow localities did this --
6 they didn't -- and somehow those localities
7 could swallow the cost. They can't. They're
8 either going to run out of money entirely or
9 have to turn to taxpayers who are already
10 overburdened at the local level.

11 ASSEMBLYMAN THIELE: You mentioned,
12 and I concur also, that local governments --
13 counties, the City of New York -- don't have
14 control over these costs. And two of the
15 things that I think have been mentioned that
16 do contribute that you don't control are
17 simply the increase in healthcare costs to
18 begin with, and also the efforts that I think
19 everybody has made to get health coverage for
20 as many people as possible, so the increase
21 in enrollment.

22 From the viewpoint of administering
23 the program, do you have a sense of those
24 cost drivers that you don't control but

1 obviously you see, by administering the
2 program, whether it -- what is the relative
3 importance or the relative contribution to
4 the increase of healthcare inflation or
5 increasing costs, and how much is because of
6 increased enrollment? Do you have a sense of
7 that?

8 MAYOR DE BLASIO: I'll turn to the
9 budget director. But I will say the one
10 thing we know for sure is that combination,
11 again, of good action -- the increase to the
12 \$15 minimum wage -- and another good action,
13 getting people healthcare coverage upstate
14 and in suburban areas, that's where the
15 growth has been primarily. And that means
16 people need healthcare who qualified are
17 getting it.

18 So there's always these attempts to
19 create differences and divisions around the
20 state. I think we should stand in unity here
21 and say it's in all of our interests, every
22 single one of us, that people get healthcare.
23 And if the expansion has occurred in areas
24 outside New York City, we don't begrudge

1 that, we say good, that means people are
2 getting what they need.

3 But Melanie can add.

4 OMB DIRECTOR HARTZOG: One of the
5 biggest areas of growth, as I mentioned, is
6 the state-run program of long-term
7 healthcare. These are for people who have
8 multiple healthcare needs who are being cared
9 for in their home or in other settings --
10 nursing homes. That's the biggest area that
11 we've seen of growth, both in enrollment and
12 in terms of cost, even with the state setting
13 the capitated rates. It's been one big area.

14 And of -- I just asked my staffer
15 this. And of the growth that we've seen,
16 that accounts for about a billion dollars
17 worth of the growth.

18 ASSEMBLYMAN THIELE: Thank you very
19 much.

20 MAYOR DE BLASIO: Thank you.

21 ASSEMBLYMAN THIELE: Thank you.

22 CHAIRWOMAN WEINSTEIN: Thank you.

23 Senate?

24 CHAIRWOMAN KRUEGER: Thank you.

1 Senator James Gaughran.

2 SENATOR GAUGHRAN: Good morning,
3 Mr. Mayor, how are you?

4 MAYOR DE BLASIO: Good morning.

5 SENATOR GAUGHRAN: And I think we all
6 share best wishes and our sympathy to the
7 police families and police officers who are
8 out there every day doing all they can to
9 protect us.

10 MAYOR DE BLASIO: Thank you very much,
11 Senator.

12 SENATOR GAUGHRAN: So thank you for
13 mentioning that.

14 I mean, I think we can all agree that
15 this is a difficult fiscal time, with a \$6.1
16 billion deficit that we're facing in this
17 state, and a good part of it is the Medicaid
18 costs. And I think part of that also is that
19 medicine is better or our healthcare system
20 improves, and people live longer and the
21 costs go up. So I think, you know, we always
22 have the fact of that.

23 But I think we also have to look at
24 the changes in the federal tax law. The

1 Trump limitation to just \$10,000 for both
2 state and property taxes, you know, puts an
3 enormous burden on the taxpayers at all
4 levels. And I think that's a major reason,
5 you know, why we are facing some of the
6 crisis that we do here.

7 So I guess one of my questions is most
8 of the counties, you know, outside the cities
9 have been able to pretty much manage within
10 the 2 percent property tax cap. And as you
11 know, in places like Long Island, where I
12 represent, the property tax burden, you know,
13 is significant. It's huge.

14 Have you ever looked at how they're
15 able to do that? And, you know, are there
16 any thoughts that maybe you might be able to,
17 you know, come up with some savings as part
18 of the solution to this problem?

19 MAYOR DE BLASIO: Senator, I would
20 say -- it's a fair question, but I would just
21 make very clear we have such a different
22 reality. As you know, property taxes are a
23 piece of our revenue but we have much more of
24 a reliance on income tax than some other

1 parts of the state. And that is a
2 progressive tax. It means that those who
3 have done very well are paying as they
4 should.

5 I think it's fair to say that also we
6 have extraordinary challenges in New York
7 City. Look, we have the finest police force
8 in the world -- 36,000 members, 2,000 more on
9 my watch than when I started. But that costs
10 an immense amount of money. And we have to
11 not only protect our own 8.6 million people
12 but millions who come in to work each day and
13 millions who come visiting.

14 So there's a lot of extraordinary
15 situations affecting New York City. As
16 you're seeing in the global health crisis, we
17 pay extraordinary costs that other places
18 often don't have to. We also deal with a
19 level of need -- every community -- I've
20 spoken to mayors and county executives all
21 over the state. Everyone deals with
22 challenges and needs. We know we have a
23 disproportionate level of need in New York
24 City. We end up having to pay for that.

1 So I think it's fair to say that our
2 revenue approach works for us. Other places
3 have a different reality. But I assure you
4 we are always trying to find ways to save and
5 to solve problems in ways that save taxpayers
6 money in the long run.

7 But the difference here on the
8 Medicaid issue is that localities were never
9 going to be able to handle this kind of
10 increase. That's why -- and I think the
11 Governor was right to do it almost a decade
12 ago when he stepped in and said this is going
13 to be an unworkable situation. He was right.

14 SENATOR GAUGHRAN: Just a quick
15 follow-up. You mentioned that you lack
16 control. Are there some rules and
17 regulations and suggestions that perhaps you
18 could bring forward where we can work with
19 you to come up with some savings?

20 MAYOR DE BLASIO: Absolutely, Senator.
21 And, you know, I -- first, as I mentioned in
22 the testimony, the fact has been almost -- so
23 far, almost \$200 million in savings we did
24 achieve working with the state, another 260

1 million that we proposed that with not a lot
2 of effort, with just some cooperation, we
3 could achieve together. I think there's a
4 lot of area for improvement if there's
5 cooperation.

6 SENATOR GAUGHRAN: Okay. That's good.

7 And then, finally, you briefly touched
8 on criminal justice reform. Would you like
9 to elaborate a little bit in terms of not
10 only the situation with bail, but also some
11 of the costs and issues that we're dealing
12 with with the discovery reform?

13 MAYOR DE BLASIO: Yes, Senator. I
14 said last year and I reiterate that what the
15 Legislature has done, absolutely crucial to
16 justice and fairness and reducing mass
17 incarceration. I commend the Legislature for
18 its actions on bail reform and discovery.

19 There have been real cost dynamics
20 with discovery that localities are all
21 grappling with as an unfunded mandate. There
22 have been timing dynamics that have been very
23 sharp and sudden that localities are trying
24 to deal with. The idea is absolutely in the

1 right direction, but there's a lot of
2 practicalities that we're all struggling
3 with.

4 On bail, the issue to me actually is
5 something I felt long before bail reform
6 became a possibility. I said it back in 2015
7 after one of our police officers, Randolph
8 Holder, was killed by someone who I think
9 should have been held in because he had a
10 very substantial history that proved he was a
11 threat to the community.

12 I think there's a form of judicial
13 discretion with appropriate checks and
14 balances, really clear guardrails, that will
15 help us to address some of the outstanding
16 issues. Every piece of legislation,
17 including the very best pieces of
18 legislation, still, we have to find out in
19 practice what works. Sometimes there's
20 unintended consequences.

21 SENATOR GAUGHRAN: Absolutely.

22 MAYOR DE BLASIO: I think judicial
23 discretion is the way to address this.

24 SENATOR GAUGHRAN: Okay. Thank you,

1 Mr. Mayor. And thank you, Madam Chairs.

2 CHAIRWOMAN KRUEGER: Thank you.

3 Assembly.

4 CHAIRWOMAN WEINSTEIN: We've been
5 joined by Assemblywoman Fernandez,
6 Assemblywoman Simon.

7 And we go to Assemblyman Fall for
8 questions.

9 ASSEMBLYMAN FALL: Thank you --

10 CHAIRWOMAN KRUEGER: I have to jump
11 in. Jamaal Bailey, from the Senate. I'm
12 sorry, Assemblymember. Jamaal Bailey also
13 has arrived.

14 ASSEMBLYMAN FALL: Thank you, Madam
15 Chair.

16 Thank you, Mr. Mayor, for being here
17 and your team for their responsiveness for
18 any of my inquiries.

19 Before I get into my questions, I do
20 just want to thank you for adding the Fast
21 Ferry program that's going to be coming into
22 my district by the end of this year; the
23 committed funding for Cromwell, which is
24 exciting for the community, since they've

1 been asking for it for many years; the level
2 of funding for the Port Richmond High School
3 athletic complex, I'm hearing about it every
4 single week from students over there; and of
5 course we're hoping to work on Curtis High
6 School next; and of course the success of
7 universal pre-K. I see it on an everyday
8 basis, especially when my daughter questions
9 me every morning on where am I going.

10 So my first question is related to the
11 Jersey Street Sanitation Garage. I believe
12 there was an agreement to transfer or
13 relocate the property to Fresh Kills, and I'm
14 just curious to know if there's like a
15 timeline for that project.

16 MAYOR DE BLASIO: I'm going to let our
17 state legislative director speak to that.

18 INTERIM SLA DIRECTOR FLOYD: Yes. So
19 right now the DDC groundbreaking for the
20 Fresh Kills project is slated for a spring
21 completion in 2023.

22 ASSEMBLYMAN FALL: Gotcha. All right.

23 Goodhue Park. When we're looking at
24 Goodhue, a lot of folks, you know, they think

1 about what happened at Mount Manresa, and
2 they don't want something like that to ever
3 happen again. So is there any update on when
4 the property will be transferred over to the
5 city?

6 INTERIM SLA DIRECTOR FLOYD: We hope
7 to be able to have a number for you within
8 the next two weeks as far as a timeline.

9 ASSEMBLYMAN FALL: No problem. Indoor
10 pool -- of course Staten Island does not have
11 a public indoor pool facility. And I know
12 there was a commitment made to construct one.

13 Any idea if a site has been selected
14 and the timeline on when we could probably
15 expect shovels in the ground?

16 INTERIM SLA DIRECTOR FLOYD: Yes. So
17 we broke ground in May of 2019 on -- for
18 about 19.5 million on the music hall, and
19 then --

20 MAYOR DE BLASIO: No, wait, this is a
21 different matter.

22 You were talking -- I just want to
23 make sure we're not misunderstanding the
24 question. You were talking about the indoor

1 pool.

2 ASSEMBLYMAN FALL: Indoor pool,
3 correct.

4 MAYOR DE BLASIO: Right. The indoor
5 pool, that plan is proceeding. Money is in
6 the budget. That site at Goodhue is being
7 proceeded on.

8 ASSEMBLYMAN FALL: Okay.

9 Snug Harbor. So, you know, everybody
10 knows Snug Harbor is a very popular
11 destination on Staten Island. There is, of
12 course, significant capital funding needed
13 there. Under great leadership. And with the
14 amount of investment needed for Snug Harbor,
15 I was curious to know if this would be
16 possible, to include Snug Harbor in the
17 OneNYC plan, since that is a plan that talks
18 about the city's future.

19 MAYOR DE BLASIO: You're saying to
20 include it in the OneNYC vision?

21 ASSEMBLYMAN FALL: Correct.

22 MAYOR DE BLASIO: Yeah, I -- and I
23 need to check what we had in the last one, if
24 it was specific to Snug Harbor. But you can

1 speak to the broad situation.

2 INTERIM SLA DIRECTOR FLOYD: So
3 certainly happy to take a look at it.

4 As far as the OneNYC project, that
5 plan is already out.

6 As far as a longer-term vision in
7 terms of what we can be able to do for your
8 community, we're definitely happy to take a
9 look at it, and this project is sort of, you
10 know, aligned with those goals.

11 MAYOR DE BLASIO: And I want to
12 affirm, it's an absolutely crucial cultural
13 resource, for Staten Island but for the whole
14 city.

15 So we've -- you know that there have
16 been a lot of issues at Snug Harbor where we
17 had to intervene to help shore things up. We
18 did that absolutely willingly, knowing how
19 important it is to the people of Staten
20 Island.

21 ASSEMBLYMAN FALL: Yes. And I want to
22 thank you, you know, for your involvement in
23 that.

24 As far as the Medicaid and Foundation

1 Aid, you know, I think it's -- the state
2 needs to implement and exhaust reforms and
3 efficiencies before implementing cuts to
4 localities. And it's clear that both the
5 federal and state control the Medicaid
6 program, and their actions have been a
7 primary driver of funding, spending.

8 So I'm going to also echo Senator
9 Jackson's comments on Foundation Aid. It's
10 critical that, you know, we keep pushing for
11 an additional increase in this year's budget,
12 and I'm of course looking forward to working
13 with you and my colleagues to address these
14 important matters.

15 MAYOR DE BLASIO: Thank you.

16 CHAIRWOMAN WEINSTEIN: Thank you.

17 Senate?

18 CHAIRWOMAN KRUEGER: Thank you.

19 Senator John Liu.

20 SENATOR LIU: Thank you, Madam Chair.

21 Welcome, Mr. Mayor.

22 MAYOR DE BLASIO: Thank you, Senator.

23 SENATOR LIU: I heard all your

24 comments about the Governor's budget

1 proposal. You feel like it's "e pluribus
2 unum"?

3 (Laughter.)

4 SENATOR LIU: You don't have to answer
5 if you don't want to.

6 MAYOR DE BLASIO: I was going to say,
7 Senator, you've always had a way with words.
8 I'll tell you, there is an e pluribus --

9 SENATOR LIU: They're not my words.
10 They're the Governor's words.

11 MAYOR DE BLASIO: No, there is an
12 e pluribus unum, which is to see localities
13 all over New York State, Democrat and
14 Republican, small towns, big cities, everyone
15 unified, that this is a danger to our local
16 budgets and to our ability to provide
17 healthcare. This proposal would undermine
18 all of us. So actually it does unite the
19 entire state.

20 SENATOR LIU: All right. A quick
21 question about the MTA capital program. You
22 were asked earlier about the upcoming capital
23 program. But what about the one that we're
24 just finishing up? Two and a half billion

1 dollars the city still owes?

2 MAYOR DE BLASIO: Senator, 2.5 billion
3 that we provided that the MTA has still not
4 fully utilized off the previous.

5 SENATOR LIU: So the City of New York
6 is fully paid up on its contribution to the
7 --

8 MAYOR DE BLASIO: The City of New York
9 has -- and the budget director will explain
10 --

11 SENATOR LIU: To the 2015-2019 capital
12 program.

13 MAYOR DE BLASIO: What's shocking to
14 me, and the budget director will speak to
15 you -- I know, former Comptroller, you are
16 budget-minded. But I'll say literally they
17 haven't been able to spend all the money we
18 gave them in 2015. That's how inefficient
19 the situation is.

20 OMB DIRECTOR HARTZOG: So in the
21 preliminary budget we added \$1.23 billion.
22 This was for the 2015-2019 plan. As the
23 mayor discussed in his testimony, they're
24 about 30 percent complete with all the

1 projects for that plan, which they announced
2 in 2015. And there remains 600 million left
3 towards the overall city's commitment for the
4 2015-2019 plan related to joint ventures,
5 economic development initiatives, that's
6 still outstanding.

7 SENATOR LIU: Okay. Thank you.

8 My last point I want to make with you
9 is that first of all, I want to congratulate
10 you, you made good on a promise. You
11 promised to look at the property tax, and you
12 actually did.

13 MAYOR DE BLASIO: Thank you.

14 SENATOR LIU: Not easy.

15 MAYOR DE BLASIO: No.

16 SENATOR LIU: And it's eluded many,
17 many mayors, so congratulations on that.

18 MAYOR DE BLASIO: Thank you, Senator.

19 SENATOR LIU: Now, you know it's going
20 to be a tough slog.

21 MAYOR DE BLASIO: Yes, sir.

22 SENATOR LIU: The initial
23 recommendations talk about how to basically
24 mark everything up to market, which means

1 there's going to be huge swings -- as our
2 chairman, Brian Benjamin, knows about -- huge
3 swings for homeowners. But at the same time
4 -- and part of that is because the commission
5 is recommending the elimination of the
6 assessed value growth caps. But yet there's
7 going to be another program that provides a
8 homestead exemption to counter exactly the
9 impacts of eliminating the assessed value
10 growth caps.

11 On top of that, there's going to be an
12 examination of the property tax bill as
13 compared to incomes, particularly low-income
14 primary resident owners.

15 So, I mean, all this sounds great, but
16 how can it actually be done?

17 MAYOR DE BLASIO: Our budget director
18 was an ex officio member of the commission,
19 so she can speak to the specifics.

20 But I would say, Senator, a lot of
21 care was taken to actually address the
22 central problem, the disparity between
23 neighborhoods, and what was consistently felt
24 to be a very untransparent system. But we

1 knew, in doing that, we had to buffer the
2 impact, particularly for seniors,
3 lower-income folks, and bring in this over a
4 period of time.

5 So where you started, exactly right.
6 This is extraordinarily difficult to do.
7 But -- and there are a lot of moving parts.
8 But I think where it adds up is we addressed
9 sort of the original sin problem of the
10 disparity between neighborhoods, first and
11 foremost.

12 SENATOR LIU: I mean -- thank you,
13 Mr. Mayor. With all due respect to your
14 budget director -- I know she's very
15 capable -- because I have limited time here,
16 I just want to say that the recommendations
17 sound great, but I don't know how workable
18 they really are.

19 I mean, one of the main reasons why we
20 have such disparate property tax bills is
21 something that you've enjoyed but you're
22 perfectly willing to give up. Properties,
23 homes worth millions of dollars pay the same
24 property tax bill that homes worth hundreds

1 of thousands of dollars pay. That is a very
2 glaring discrepancy and disparity.

3 The elimination of the growth caps
4 will do -- will help that. But the growth
5 caps themselves were not that difficult to
6 understand. You're going to replace that
7 with another system that over time is also
8 going to be very, very difficult to
9 understand.

10 My last suggestion for you is that
11 there are still significant properties in the
12 City of New York which I think the average
13 New Yorker would consider to be profitable,
14 even though they're technically nonprofit.
15 And specifically, you know, we're talking
16 about some private universities as well as
17 private hospitals that don't pay any property
18 tax bills. And yet if we were somehow able
19 to have them pay their fair share, perhaps
20 they could bring in billions of dollars that
21 they probably should and we can level the
22 playing field for all other New Yorkers as
23 well.

24 CHAIRWOMAN KRUEGER: Thank you.

1 Assembly.

2 CHAIRWOMAN WEINSTEIN: We go to
3 Assemblyman Schmitt.

4 ASSEMBLYMAN SCHMITT: Mr. Mayor, thank
5 you.

6 Obviously these attempted
7 assassinations over the last few days of our
8 hero NYPD officers have struck a nerve
9 throughout the country, particularly in
10 Orange County, where I represent and many of
11 your officers live and their families live.
12 And I'm getting calls, messages, emails of
13 distraught family members, distraught
14 officers who are disgusted and upset and feel
15 threatened by what is happening in the last
16 couple of hours, last couple of days, and
17 they're looking for answers.

18 And the police commissioner himself
19 stated that rhetoric and words matter and
20 that the anti-police rhetoric that we've seen
21 at protests, that we've seen for the last
22 couple of months, last couple of years,
23 having escalated, has really contributed to
24 this crisis.

1 And on behalf of my constituents who
2 serve your city, they would like an answer.
3 How are we going to combat this? How are we
4 going to end the hate on one of the most
5 diverse law enforcement agencies in the world
6 and allow these heroes to do their job and
7 not shed another drop of blood protecting our
8 city?

9 MAYOR DE BLASIO: Thank you.
10 Assemblymember, I agree with the way you have
11 framed this. And not only Commissioner Shea,
12 but I said this is absolutely unacceptable.
13 Even in a democratic society where we value
14 the individual freedom of speech, it's
15 unacceptable to attack police officers who
16 are there to protect and serve us.

17 We need to use every tool. If any of
18 these individuals commit a crime -- and we
19 know in recent protests some did -- we're
20 going to make sure they face the full
21 consequences.

22 But I think the thing that we can all
23 do as leaders is, one, draw a line and say:
24 You have a right to protest, you don't have a

1 right to affront these who are serving us.
2 It's not going to help anyone's cause, and it
3 disgusts the people of our city. I guarantee
4 you it disgusts the people of our city.

5 You know those recent protests where
6 they called everyone to come out? Almost no
7 one came. It's such a small -- horrible
8 group, but a very small group who feel that
9 way.

10 And then, second, is to do what I have
11 seen with Commissioner Bratton, Commissioner
12 O'Neill, and now Commissioner Shea, which is
13 to re-bond our police and our communities
14 deeply. Not only have we driven down crime
15 for six years, but we have brought police and
16 community into a much deeper alignment. Once
17 our officers get to know communities better
18 and communities get to know officers better,
19 there's a much greater feeling of solidarity.
20 And that's part of how we overcome that
21 hatred.

22 Again, the folks who feel that hatred
23 are very few, but they're doing something
24 very negative. And I understand why officers

1 are pained deeply by that rhetoric, but also
2 when they see these attacks.

3 So I guarantee you Commissioner Shea,
4 who has spent his entire adult life in the
5 NYPD -- started out walking a beat in the
6 South Bronx -- he will take every measure to
7 protect our officers. I will support every
8 measure to protect our officers.

9 ASSEMBLYMAN SCHMITT: Thank you,
10 Mayor.

11 Pull factors, are you aware of what
12 immigration pull factors are?

13 MAYOR DE BLASIO: Again, sir?

14 ASSEMBLYMAN SCHMITT: Immigration pull
15 factors, are you aware of that law
16 enforcement term?

17 MAYOR DE BLASIO: I'm not -- don't
18 know if I know that term.

19 ASSEMBLYMAN SCHMITT: Okay. So a pull
20 factor, an immigration pull factor, is an
21 official action or rhetoric, a government
22 action or rhetoric that incentivizes
23 individuals to immigrate, many times
24 illegally immigrate. And it's a big cause of

1 the surge of immigration on our southern
2 border over the last year. This is per
3 federal law enforcement.

4 The -- we have multiple issues in that
5 regard, but in New York we are one of the
6 most sought-after destinations because of the
7 creation of pull factors. In August I toured
8 our U.S.-Mexican border with federal, local
9 and state law enforcement down in Texas, and
10 they mentioned many New York City policies
11 while I was there -- your NYCHA housing
12 lotteries for those who are noncitizens and
13 in the country illegally, sanctuary city
14 policies, as well as medical coverage
15 proposals, as ways that cartels are able to
16 entrap more individuals, men, women and
17 children, into their -- really into their
18 exploitation to cross our border illegally
19 and then enter into New York, endangering
20 their lives.

21 I would like to bring that to your
22 attention. This is something that is used
23 and is of grave concern for our law
24 enforcement at the southern border, and they

1 point to New York pull factors as what's
2 endangering many of these men, women and
3 children. No one's crossing the border
4 without cartels' influence. And I would just
5 like to hear your response to that and any
6 ways we could mitigate that going forward.

7 MAYOR DE BLASIO: Assemblymember, when
8 I hear you describe that, I take it very
9 seriously, because if organized crime is
10 manipulating people in any way, that's all of
11 our concern. If we see people taken
12 advantage of, that's all of our concern.

13 But I want to affirm the policy of the
14 NYPD, because I think -- I appreciate your
15 question, I appreciate the -- I can tell it
16 is a very heartfelt question. But I do think
17 that the backdrop of this whole national
18 discussion has missed something very
19 important. We've got about 12 million people
20 who have been here for decades and decades.
21 That number hasn't changed appreciably. In
22 New York City we've got about half a million
23 people who are undocumented. That number
24 hasn't changed appreciably. The fact is, our

1 -- whether we like it or not, our entire
2 economy is based on 12 million people who are
3 part of our communities, and we have not as a
4 nation come to grips with it.

5 So I would argue to you what we see
6 every day is in fact hardworking people, the
7 vast, vast majority who come here just like
8 our ancestors came here and are part of our
9 communities. And that's why the NYPD, going
10 back decades, under Republican and Democratic
11 mayors, has not asked documentation status.

12 And if you ask my commissioners, they
13 have been very blunt with me about this --
14 these are lifelong police professionals --
15 the minute they start asking documentation
16 status of undocumented people, a lot of their
17 ability to police New York City will
18 collapse, because they will not have victims
19 come forward, they will not have folks who
20 are victims of crime come forward, they won't
21 have cooperation.

22 So it's a complex backdrop, but I
23 would argue to you if we all together -- and
24 I think it is possible -- if we all together

1 would agree to normalize the folks who are
2 here because they're really not going
3 anywhere, except for those who have committed
4 serious and violent crimes who should be out
5 of here -- but if we can normalize this
6 situation, then you wouldn't have that
7 concern, the very honest concern you're
8 raising, that wouldn't be a factor anymore if
9 we just normalize the reality of the people
10 who are already a part of our country.

11 ASSEMBLYMAN SCHMITT: Thank you,
12 Mayor. And I'll be happy to follow up with
13 your staff on the pull factor issue.

14 MAYOR DE BLASIO: I appreciate that.

15 CHAIRWOMAN WEINSTEIN: Thank you.
16 Senate.

17 CHAIRWOMAN KRUEGER: Thank you.

18 Our next questioner is Brian Benjamin.

19 SENATOR BENJAMIN: Thank you,
20 Mr. Mayor, for being here. I have a couple
21 of questions for you. I'll try to do them
22 quickly because the time is running.

23 First, I want to start off with
24 property taxes. I have, as the chair of the

1 Committee on Budget and Revenue, had a number
2 of roundtables and hearings -- not hearings,
3 forums across the city on this topic, and the
4 two things that I heard the most about was,
5 one, the fairness argument and, second, sort
6 of how much property tax people are paying.

7 So I have two questions for you. As
8 relates to -- from the fairness standpoint,
9 the commission's report that I saw addressed
10 that with one of the points, which basically
11 would say that property taxes, instead of
12 being assessed at the assessed value, would
13 be at market value.

14 One of the concerns people have asked
15 about that is will there be a sort of
16 increase for some folks who have been sort of
17 paying less than they should and then a
18 decrease for others? In other words, I know
19 you have a 30 billion or whatever that number
20 is, you're trying to solve for that number,
21 and so you would just realign it so that some
22 will pay more, some will pay less, but you'll
23 get to that same number?

24 MAYOR DE BLASIO: Yes. Again, our

1 budget director and others know a lot more
2 about the nuances, but I will say as a
3 layman, and I've been real plain about it,
4 where I live in my neighborhood in Brooklyn,
5 my home's value is not reflected accurately.
6 I should be paying more. For folks who live
7 near me who are lower-income or seniors, we
8 have ways to address and buffer that impact
9 so they are not hurt. But I should be paying
10 more and a lot of people in my neighborhood
11 should be paying more.

12 And there's a lot of people in other
13 neighborhoods who are paying a
14 disproportionately high rate. We've got to
15 balance that while keeping the basic overall
16 revenue essentially the same. But at least
17 everyone will see some movement in favor of
18 fairness.

19 SENATOR BENJAMIN: Sure. Sure. Okay.
20 Next question.

21 One of the things that was also
22 mentioned was the idea of a property tax cap.
23 Some of the low-income homeowners have said
24 it would be great if you could do the

1 realignment and then also they have some sort
2 of sense of consistency of how high that can
3 grow, so irregardless of how much the city
4 spending might grow, their property taxes
5 would have some sort of cap.

6 Has that been something you
7 considered? I didn't see it as one of the
8 options in the report.

9 MAYOR DE BLASIO: No. And I'll tell
10 you why. Because, again, we're different,
11 being the last level of government, you know,
12 for the people, we have to solve the people's
13 needs and address their needs.

14 A property tax cap under certain
15 circumstances means you cannot address
16 policing needs, fire, schools. You end up in
17 scenarios in tough budget times where you
18 have no choice -- we saw this in California
19 with the great model for this country of what
20 not to do, where even when there are glaring
21 needs in communities, they could not address
22 them because they had a cap on taxation.

23 We believe that New York City is
24 succeeding right now because we have invested

1 in police, we have invested in education, we
2 have invested in affordable housing, and it
3 is undergirding our economic success. And if
4 we were to take those things away because we
5 were forced to by a cap, we would actually
6 start sliding backwards.

7 So right now we have the strongest
8 economy we've probably ever had in our
9 history. I'm proud to say over a half
10 million new jobs since I became mayor. And
11 we're throwing off a lot of revenue for the
12 rest of the state, which is good for
13 everyone. But if we start to undercut
14 that -- and I think a reduction in services
15 would undercut that, a reduction in quality
16 of life would undercut that -- we'll rue the
17 day. So no, that is not something we are
18 considering.

19 SENATOR BENJAMIN: Thank you.

20 All right, moving on to small
21 businesses, you mentioned the thoughts and
22 concerns about small businesses. One of the
23 things I have heard from a number of folks is
24 small businesses trying to get contracts and

1 work with the city. And as you know, there's
2 a significant amount of activity happening at
3 NYCHA and other places, but particularly at
4 NYCHA, where you are bringing in a lot of
5 sort of private -- whether it's nonprofit or
6 for-profit -- folks to sort of participate in
7 the RAD and other things.

8 Have you -- has your administration
9 thought very carefully around sort of how
10 people are being assessed for these projects
11 and who's owning and controlling, from the
12 partnership with the city side, those kinds
13 of projects? Because it's something that's
14 obviously of concern. As you're talking
15 about MWBEs participating in the marketplace,
16 are there opportunities really happening with
17 some of these projects?

18 MAYOR DE BLASIO: I'll start quickly
19 and my colleagues can add if they choose.

20 Our MWBE commitment overall to get the
21 30 percent of city contracting has been
22 moving very steadily, and thanks to the
23 legislation that you all passed, which really
24 gave us the opportunity to move forward.

1 That includes obviously what's going on
2 through NYCHA. So there has been more and
3 more spending going to MWBEs.

4 I think your question is well taken.
5 We have to ensure that we do that with every
6 piece of the equation. And MWBEs often equal
7 small businesses, and it's a double benefit
8 and keeps that money circulating in our
9 economy.

10 So I think yes, we're moving in the
11 right direction. I think you're right to say
12 are we doing it every time we could do it.
13 We need to keep the pressure on to make that
14 happen.

15 The other thing I should note, one of
16 the things I announced in my State of the
17 City address is we're also going to take city
18 pension funds -- and we believe that right
19 away we can take a half-billion dollars in
20 city pension funds and invest them in small
21 businesses in New York City that can give us
22 a good rate of return but also help those
23 small businesses thrive and employ New
24 Yorkers.

1 So there's a lot of these pieces we
2 have to use to use our own resources to help
3 our own people.

4 CHAIRWOMAN KRUEGER: Thank you.

5 SENATOR BENJAMIN: Thank you very
6 much.

7 CHAIRWOMAN KRUEGER: Passing to the
8 Assembly.

9 CHAIRWOMAN WEINSTEIN: Assemblywoman
10 Malliotakis.

11 ASSEMBLYWOMAN MALLIOTAKIS: Good
12 morning, Mayor.

13 I want to first thank you also for the
14 Property Tax Commission, because it was a
15 couple of years ago at this very hearing that
16 I held up your bill and my bill and said,
17 Hey, why am I paying \$2,000 more despite my
18 property being a third of the value? So I
19 appreciate you actually putting forth the
20 commission.

21 I read the recommendations. The
22 recommendations are actually -- some of them
23 are recommendations that I made myself, so I
24 appreciate that. And I look forward to its

1 implementation.

2 However, you know that it's going to
3 take approximately five years, you may not be
4 mayor -- hopefully you're not going to be
5 mayor anymore --

6 MAYOR DE BLASIO: I was going to say I
7 believe in term limits.

8 ASSEMBLYWOMAN MALLIOTAKIS: -- you
9 won't be pulling a Bloomberg on us.

10 But what I would say is I also very
11 much support and encourage a 2 percent
12 property tax cap like nearly every other
13 municipality in the state. As you know, the
14 property tax levy has gone up over 50 percent
15 since you've taken office. And I would like
16 to know what would be the percentage that you
17 intend to increase that? And I don't really
18 buy the argument that you can't do a cap,
19 because like I said, every other municipality
20 in the state has a 2 percent cap, they're
21 operating under it.

22 And the budget has gone up from
23 70 billion, when you came into office, to
24 \$95 billion, which is quite a large increase.

1 In fact we have the same budget as the -- the
2 city has the same budget as the State of
3 Florida, despite them having 2 million more
4 residents.

5 And so I'm really concerned about you
6 saying that you cannot do this cap, because I
7 think it really is critical to provide some
8 relief for individuals who are truly
9 struggling. The middle class, the
10 lower-income, middle-income communities that
11 I represent are struggling to pay their
12 property tax bills. A 2 percent cap until
13 the changes are made would go a very long way
14 in providing relief.

15 MAYOR DE BLASIO: Well, I'm confident
16 -- thank you, Assemblymember. I'm confident
17 with your help and everyone's help that we
18 can get these changes made. It's something
19 I'm very devoted to. So I want to say to you
20 I know you've cared deeply on this issue, I
21 thank you for that. And we should get this
22 done while I'm still mayor. And I want to
23 make that argument very plain. I do believe
24 in term limits. I will not pull a Bloomberg,

1 as you said. But in fact it is a mayor in
2 their second term who can withstand some of
3 the typical pressures that might dissuade
4 someone from action. So I'm going to be
5 fighting hard for this, I believe there's a
6 lot of energy in the Legislature to address
7 this, and we can do something historic.

8 To your question, no, I'll tell you, I
9 just don't agree with the cap. And you
10 represent a district with so many public
11 servants. I think if I said to your public
12 servants, if I said to the police officers,
13 the firefighters, the sanitation workers,
14 Hey, if you were going to save on your
15 property tax bill but it could lead to a much
16 smaller workforce, how would you feel? I
17 think people would say, Now, wait a minute,
18 we don't want to see a reduction.

19 I told you, I've added 2,000 more
20 police officers on patrol. That costs real
21 money, but I think it was absolutely the
22 right thing to do. And we've seen it in a
23 safer city -- the safest big city in America.

24 So I would argue to you we need to

1 make a fundamental decision: Do we want the
2 quality of life, the quality of service, the
3 kind of workforce we have, or do we want
4 something different? If you say you want a
5 property tax, we cannot have what we have
6 right now. I truly believe that.

7 ASSEMBLYWOMAN MALLIOTAKIS: Yeah,
8 well, I think that -- you know, it's funny
9 how you always mention the critical services
10 like sanitation and police. I think New York
11 City certainly was doing that with the \$70
12 billion budget they had back in 2013.

13 I'm talking about a 35 percent
14 increase in spending, which certainly there
15 are ways -- and if you want, you and I can
16 sit down, we can go over ways where we can
17 actually save money for spending in the city
18 budget. And when we talk about the \$1.4
19 billion hole, let's add up just the ThriveNYC
20 money and the Renewal Schools money and
21 you've got your 1.4 billion right there.

22 But in all honesty, I think a
23 35 percent increase in spending is a
24 tremendous amount. And it's on the backs of

1 my constituents and those who everyone else
2 here represents.

3 And by the way, it's not just the
4 homeowners, it's being passed on to those
5 renters as well. Obviously those property
6 tax costs are being passed on. So it's
7 increasing costs for everyone who lives in
8 New York City, and I think there are places
9 where we can cut costs or be more efficient
10 and it doesn't have to be those basic
11 services that government should be providing.

12 So I'd ask you again -- and my last
13 question is -- what is the exact percentage
14 that you intend, as the budget proposal that
15 you have stands, to increase the property tax
16 levy this year? Because again, it was a 50
17 percent increase since 2013. So what
18 percentage are you intending to increase it
19 this year?

20 MAYOR DE BLASIO: No, let's be clear.
21 We have not increased the rate during my
22 entire time as mayor.

23 ASSEMBLYWOMAN MALLIOTAKIS: You
24 haven't increased the rate, you increased the

1 percentage of the levy, which is the amount
2 of money that you seek from property
3 taxpayers.

4 MAYOR DE BLASIO: I want to be clear
5 because I just don't want there to be any
6 misunderstanding of that. In my time as
7 mayor, unlike my predecessor, we did not
8 increase the property tax rate.

9 ASSEMBLYWOMAN MALLIOTAKIS: That's
10 correct, you increased the levy.

11 MAYOR DE BLASIO: We have seen -- we
12 have seen the values of property increase
13 steadily. That's a reality. And --

14 ASSEMBLYWOMAN MALLIOTAKIS: You've
15 increased the levy by 50 percent.

16 MAYOR DE BLASIO: But again, I'm
17 making a very clear point.

18 ASSEMBLYWOMAN MALLIOTAKIS: Okay.

19 MAYOR DE BLASIO: We want a fairer
20 system. We can do that all together. But
21 I'm going to defend vehemently that if you
22 have a city that has the strongest economy
23 it's ever had, more jobs than ever, safest
24 big city in America, and a school system that

1 continues to improve, these things cost
2 money. And I do not want us to slip
3 backwards. We have to make these investments
4 for the good of everyone.

5 ASSEMBLYWOMAN MALLIOTAKIS: Would you
6 just answer the initial question, which is
7 how much you intend to raise the property tax
8 levy, which is the amount of money the city
9 seeks from property taxpayers this year.

10 MAYOR DE BLASIO: Again, we are acting
11 on a system right now that is affected by
12 values and standards for each neighborhood,
13 but not in a fair manner. This is not
14 something we sit around and say we're going
15 to take this much more from people. We want
16 to stop that practice.

17 CHAIRWOMAN WEINSTEIN: Thank you.

18 We were joined -- we've been joined by
19 Assemblywoman Seawright and Assemblyman
20 Jacobson.

21 We now go to the Senate.

22 CHAIRWOMAN KRUEGER: Thank you.

23 Senator Zellnor Myrie.

24 SENATOR MYRIE: Thank you, Madam

1 Chair.

2 And thank you, Mr. Mayor, for your
3 testimony.

4 I just wanted to ask very briefly --
5 and forgive me if this has been asked
6 already -- the impact that the cuts to TANF
7 will have on communities, particularly the
8 ones that I represent, with high usage of
9 this assistance.

10 MAYOR DE BLASIO: At this level with
11 TANF -- so again, there was a 10 percent cut
12 last year, and that's permanent, we'll have
13 to keep paying that. Five percent more has
14 been proposed now -- \$100 million, that would
15 mean, over two years. That means we would
16 have to eliminate preventative services.

17 And I want to emphasize a lot of
18 people care deeply about protecting kids who
19 are vulnerable. Fifty-five hundred kids --
20 that is the equivalent of the preventative
21 services for 5500 kids. They're there to
22 stop child abuse, stop neglect, keep families
23 from falling apart. This is very real stuff.

24 And I think what's happened is that

1 TANF -- people hear TANF, they can't relate
2 to it. And the cuts keep rolling in, and New
3 York City taxpayers have to keep picking it
4 up. That's what it would mean in human terms
5 if these cuts go through.

6 SENATOR MYRIE: So is it fair to say
7 that the Executive Budget as proposed would
8 take food off the table for the most
9 vulnerable folks in our city?

10 MAYOR DE BLASIO: I would say it a
11 little differently. It would undermine the
12 health and safety of our children if those
13 TANF cuts go through. In some ways it's even
14 worse than taking food off the table. It's
15 literally taking away our ability to protect
16 them.

17 SENATOR MYRIE: Thank you.

18 CHAIRWOMAN KRUEGER: Thank you.
19 Assembly.

20 CHAIRWOMAN WEINSTEIN: We go to
21 Assemblyman Carroll.

22 ASSEMBLYMAN CARROLL: Just in time.
23 Just in the nick of time.

24 Thank you, Mr. Mayor, for being with

1 us this morning. And I want to give you a
2 giant thank you for what you did last week in
3 your State of the City address about talking
4 about the stoppage of building out fossil
5 fuel infrastructure.

6 MAYOR DE BLASIO: Thank you.

7 ASSEMBLYMAN CARROLL: It is necessary.
8 That kind of bold action is what we need to
9 hear. So thank you so much.

10 MAYOR DE BLASIO: Thank you.

11 ASSEMBLYMAN CARROLL: My next question
12 or praise goes to your other bold idea around
13 making sure that every second-grader by 2024
14 is reading. We're not there. We're nowhere
15 close. Seventy-three percent of
16 fourth-graders and eighth-graders read below
17 a proficient level. That's below grade
18 level. This is a crisis.

19 Your schools chancellor did something
20 phenomenal three weeks ago, and that was to
21 have the first pilot program for a dyslexia
22 screener in my district at two schools. This
23 screener costs \$2,000 to administer. We
24 could administer a screener for every single

1 child in New York City in kindergarten, first
2 grade, second grade, for a few million
3 dollars. Why can't we do that by the end of
4 this year? Why can't we make sure that
5 everyone is reading?

6 And then take the bold steps to
7 introduce evidence-based reading curriculum
8 that looks at the science of reading and
9 makes sure that we use multisensory
10 sequential phonics when we are mitigating and
11 remediating troubled readers, especially
12 dyslexic readers, which are 20 percent of our
13 school-aged children. I hope you'll take
14 that bold step, because your chancellor has
15 started it. I hope you can finish it. It
16 will change the lives of hundreds of
17 thousands of students.

18 It changed my life. And the
19 unfortunate thing is is that the only
20 people's lives who are being changed right
21 now look like me. They're affluent kids,
22 they're disproportionately white. But it's
23 one in five students.

24 And you have the power. The science

1 is there, the evidence is there. I hope you
2 stand up and I hope you do that.

3 MAYOR DE BLASIO: Thank you,
4 Assemblymember. I appreciate this point very
5 much.

6 We have a long way to go on reading,
7 I'm not going to for a moment underestimate
8 that. We have made some very, very big
9 progress; we have a long way to go.

10 I will tell you I mentioned in my
11 State of the City the reading coaches that
12 are now in hundreds of schools that were not
13 there before -- and those are schools with
14 the greatest need -- are making a huge
15 difference. So this is one piece of the
16 puzzle.

17 But I have to tell you your proposal
18 is powerful. And to the best of my memory, I
19 have not heard it said as clearly and
20 powerfully as that, that this might be
21 another major way to contribute something we
22 could do and afford.

23 So I will bring that back immediately.
24 I could see it being a very effective

1 approach, and I appreciate it.

2 ASSEMBLYMAN CARROLL: Mr. Mayor, nine
3 other states do it. Mississippi, of all
4 places, instituted this five years ago and
5 has seen the greatest gains in reading
6 performance in the nation. Mississippi, the
7 entire state, currently has better reading
8 scores than New York City. Think about that.

9 MAYOR DE BLASIO: No, I take that --

10 ASSEMBLYMAN CARROLL: This is the
11 vanguard. And I know that we can do this.
12 If we can do it in Mississippi -- and it's
13 not just Mississippi. It's throughout the
14 nation. It's states large and small. It's
15 school districts from across the spectrum.
16 It is what we need to change the scores of
17 countless students. And it works. The
18 evidence is there, the science is there. It
19 is what we need.

20 And it is something that I am
21 passionate about because, if not for it, I
22 would not be sitting in front of you. It is
23 the inequity -- it is inequality issue of the
24 day, because the only students who are

1 receiving the appropriate education are those
2 students that are rich and savvy. And that
3 is so unfortunate. It's so unfortunate. It
4 is leaving countless students to have
5 academic careers that are riddled with
6 struggle when it does not have to be.

7 Because when you remediate a young
8 reader in kindergarten, first grade, second
9 grade, the brain's plasticity is such that
10 you can bring that child up to grade level,
11 you can make that child a good academic
12 student. If you wait for them to fail at
13 fourth grade, fifth grade, sixth grade, it is
14 so much harder to remediate. And oftentimes
15 those students never get remediated, and they
16 drop out of school and they have a life of
17 continued struggle.

18 MAYOR DE BLASIO: I appreciate it. I
19 will tell you, I'll pledge to you,
20 Assemblymember, that as we prepare for the
21 Executive Budget in April, I'll bring this
22 back to the chancellor, we'll have a very
23 serious conversation about it. I like what
24 I'm hearing, honestly. I'll always tell you

1 when I don't know all the facts, but I can
2 tell you that you're raising something that
3 sounds to me like it could be really
4 profound.

5 I will finish by saying we do not
6 accept a school system where only the
7 privileged can get a quality education. We
8 just don't. And that's why I've been trying
9 to change New York City public schools to the
10 core.

11 But you make a very compelling
12 argument. And if this is a way to -- you
13 know, you know I believe in early childhood
14 education. We've tried to re-orient
15 everything towards earlier grades. If this
16 is a way to supercharge that and identify
17 ways that we could help kids that we've been
18 missing, I love it. Let me see if we can get
19 something done quickly on this.

20 ASSEMBLYMAN CARROLL: Thank you so
21 much.

22 MAYOR DE BLASIO: Thank you.

23 CHAIRWOMAN WEINSTEIN: Thank you.

24 Senate?

1 CHAIRWOMAN KRUEGER: Thank you.

2 Senator Gustavo Rivera.

3 SENATOR RIVERA: Thank you, Madam

4 Chair.

5 Good morning, Mr. Mayor.

6 MAYOR DE BLASIO: Good morning.

7 SENATOR RIVERA: I only have five
8 minutes, but I want to dig deeper into the
9 whole -- the Medicaid situation. Right?

10 MAYOR DE BLASIO: Yes.

11 SENATOR RIVERA: First of all, there
12 is a claim by the Governor, and you talked
13 about it a little bit, but I would love for
14 you to expand, related to the -- basically
15 claiming that the localities are partly to
16 blame for the increases because of enrollment
17 and because of the role that the localities
18 play.

19 So do you agree with that, and what do
20 you think about that?

21 MAYOR DE BLASIO: Senator, I'm
22 mystified by that claim. The budget director
23 was trying to make this argument the other
24 day, and I said there's just no basis in fact

1 for that. We are enrollment agents following
2 state rules and the state game plan. And
3 unless you know, there was an allegation that
4 somehow by saying to people if you might be
5 eligible, come talk to our enrollment people
6 and see if you're eligible, that that was
7 somehow the wrong direction to go in -- and
8 that's exactly what the State of New York
9 says in its own publications. That's what's
10 been happening all over the state. Again,
11 the growth in Medicaid enrollment has been
12 primarily not in New York City, it's been in
13 upstate and the suburbs. And that's a good
14 thing.

15 So I tend -- there's -- you know,
16 there's those funny situations, Senator,
17 where people make a claim and they can't back
18 it up and they don't provide any new
19 evidence. This is one of them. This is one
20 of them.

21 SENATOR RIVERA: Which actually leads
22 me -- leads me to my next question. Actually
23 just right now, just 30 minutes ago or so,
24 there was a tweet by Dani Lever, I believe

1 she works for the Governor's communications
2 team, in which she said, and I quote, "NYC is
3 getting 300 million more in funding this year
4 than they did last. Not sure how New York
5 City mayor defines spending increases as
6 cuts."

7 So that -- and hold on, I'm going to
8 definitely give you a chance to respond to
9 that.

10 MAYOR DE BLASIO: Thank you.

11 SENATOR RIVERA: But in relation to
12 the fact that the Governor's budget claims
13 that the changes in the Medicaid share
14 actually save the state \$150 million, but yet
15 we've heard very clearly in your testimony
16 that your calculations say that the impact to
17 the city would be to the tune of just over a
18 billion dollars.

19 So considering -- and I believe, if
20 I'm not mistaken, that you can actually
21 provide me with how you got to those
22 numbers --

23 MAYOR DE BLASIO: Yes.

24 SENATOR RIVERA: -- unlike, and I will

1 say it for the record, last week we had the
2 -- where you are sitting right now, we had
3 both the acting Medicaid director as well as
4 the Department of Health commissioner, and
5 neither of them could provide, either
6 privately or publicly, how they reached some
7 of these numbers.

8 So what about that, that 300 more
9 million and the supposed \$150 million savings
10 for the state that actually you claim -- with
11 math -- that is going to be over a billion
12 impact on the city? Could you give us a
13 little bit about that, please.

14 MAYOR DE BLASIO: Yeah, I'll start,
15 and our budget director can jump in.

16 The fact is that the increase in
17 Medicaid spending everywhere in the state
18 aligns to more people getting Medicaid and
19 the institution of the \$15 minimum wage.
20 There's some other factors for sure, and
21 there's some areas where all of us could find
22 some savings if we want to.

23 But what's strange here -- it's
24 getting a little Orwellian around here,

1 right? I mean, this is an attempt to ask us
2 to ignore obvious facts and believe in some
3 parallel universe. No, the reason the costs
4 went up are because of decisions made right
5 here in Albany -- by the way, they were good
6 decisions. It was right to want more people
7 to get healthcare, it was right to have a \$15
8 minimum wage, it was right for the state to
9 say if the state doesn't cover that growth,
10 localities will go bankrupt or will have to
11 increase their property taxes or other things
12 that would be devastating.

13 So I don't understand why there isn't
14 just an honest acknowledgment of what's
15 really going on here, unless the executive
16 branch wants to be known for taking Medicaid
17 away from people. Which is what Republican
18 governors have been doing around the country,
19 and they've made it a point to say we don't
20 want Medicaid expansion. This is a state
21 that said we did want to make sure people got
22 healthcare.

23 And when you give people coverage, it
24 avoids lots of much greater costs later on.

1 We all know when people don't have coverage
2 they go to the emergency room and they end up
3 hospitalized and all sorts of things that
4 could have been avoided.

5 SENATOR RIVERA: And that costs us
6 more money.

7 MAYOR DE BLASIO: And that costs you
8 more money.

9 SENATOR RIVERA: Obviously somebody's
10 got to pay for that.

11 So I'll just -- just the last question
12 is a yes or no question. And certainly you
13 can add to it if you wish, besides the yes or
14 the no.

15 Considering that there might be some
16 crisis and there might be problems and issues
17 that have to be resolved in Medicaid,
18 et cetera, do you agree with me or not that
19 it is obscene that this administration is
20 choosing first to cut services for the most
21 vulnerable across the state and to directly
22 attack the system which provides healthcare
23 for poor and working-class people across the
24 state, that it is obscene and ridiculous that

1 this administration chooses first to cut that
2 as opposed to, I don't know, taxing the
3 wealthy? Just I don't know if you want to
4 add anything or --

5 MAYOR DE BLASIO: In my own words I
6 would say if the problem is revenue, then we
7 should be taxing those who have done very,
8 very well, who are still not paying their
9 fair share.

10 And by the way, that position is
11 agreed upon all over this state, all over
12 this country by Republicans, independents and
13 Democrats alike. I think that's the
14 solution.

15 So I respect your word choice. You're
16 a true truth teller in what you say and do,
17 and I appreciate that. I'll say in my own
18 words if people want new revenue to solve
19 this, I know where the money is.

20 CHAIRWOMAN KRUEGER: Thank you.
21 Assembly.

22 CHAIRWOMAN WEINSTEIN: We go to
23 Assemblywoman Nolan.

24 (Inaudible; microphone off.)

1 ASSEMBLYWOMAN NOLAN: I think it's on.
2 The little button's on. I hope my voice will
3 carry.

4 MAYOR DE BLASIO: There you go.

5 ASSEMBLYWOMAN NOLAN: Yeah.

6 Very happy to see your team here.
7 Congratulations to Chatodd and -- as the
8 interim director of state legislative
9 affairs, and Simonia for having the baby that
10 gave Chatodd that opportunity. So happy to
11 see your team here.

12 Just would like you to talk a little
13 bit more about your support for additional
14 state funds for NYCHA. You know, in the
15 past -- and I would just suggest that
16 obviously you cover so much ground in your
17 testimony, but perhaps you have -- I see some
18 of your wonderful team here representing
19 NYCHA every week in the Capitol.

20 But I think it's important for
21 members, particularly outside the city, to
22 understand a little bit more about the scope
23 of NYCHA and the history of state funding.
24 Because at one time we were giving several

1 million -- more than several, we were giving
2 quite a bit of money to the state
3 developments. Then that changed and we
4 created a new category and different federal
5 funds came in differently. And I think
6 people are not aware of how the federal funds
7 have really almost been minimized in recent
8 years. So I think that would be helpful.

9 Even myself, I represent Queensbridge,
10 Ravenswood, Astoria Houses; they were always
11 called federal developments. I know we were
12 able to get the roof money, the \$100 million.
13 But I think it's important for members to
14 have a better understanding how we can help
15 you get some state funds.

16 And in line with that, there's a
17 lot -- you mentioned it in your State of the
18 City last week -- there's a lot of support
19 for something new called community land
20 trusts. And I guess I would like to have a
21 better understanding, there's some support in
22 my district for that, of how we would -- what
23 would be the state role in that. Obviously
24 it doesn't have to be now. But as we go

1 through this, I'd like to learn a little bit
2 more about that.

3 And, you know, we're happy, you're
4 happy that pre-K has been a success. We want
5 to keep doing the things we need to do to
6 fund our schools. But obviously there's
7 always so many issues. So a little bit more
8 on NYCHA, and I would like to ask also about
9 the land trust.

10 MAYOR DE BLASIO: I'll -- I'm going to
11 go in reverse order very quickly and ask our
12 budget director in a second to fill in the
13 blanks on the history. But to say thank you
14 again for your leading role in getting us to
15 pre-K. It has worked, and we're continuing
16 to develop 3-K as well. And thank you. It
17 never could have happened without all of you
18 here.

19 Second, on community land trusts,
20 that's something that's based on city-owned
21 land and developing it as affordable housing,
22 permanent affordable housing, controlled by
23 community members. We definitely could use
24 state help and support in doing that for

1 sure.

2 On NYCHA, my simple way of explaining
3 the history is about 40 years ago, around the
4 time of the election of Ronald Reagan, is
5 when support for public housing started to go
6 from it being what's it going to take --
7 which was really the way the federal
8 government looked at it from the 1930s up to
9 the 1970s, is that it was their thing. It
10 was chartered because of the federal
11 government, and that they had a foundational
12 responsibility to fund it enough.

13 From 1980 to present, that support has
14 continued to decline. You've seen HUD budget
15 proposals in recent years where the executive
16 branch tried to zero out all sorts of support
17 for public housing. Even when we came to a
18 settlement with the federal government
19 recently, it came with no new funding
20 attached. So that's one part.

21 The state, you're right, up to the
22 1990s the state used to provide substantial
23 ongoing support. Under Governor Pataki, that
24 was removed.

1 ASSEMBLYWOMAN NOLAN: It's about
2 25 million, 50 million?

3 MAYOR DE BLASIO: That I'm going to
4 see if Melanie knows that answer. But as I
5 turn to her, I'll say it went from a
6 federally chartered, federally and state
7 supported system, to one where although
8 there's still some federal support for sure,
9 it consistently declined. Now we have to put
10 in \$6 billion of New York City taxpayer money
11 to not even get us all the way to where we
12 need to go, but to only keep some of the
13 pieces moving forward.

14 ASSEMBLYWOMAN NOLAN: And I just want
15 to -- it's still about a million families,
16 and the average income of those families is?

17 MAYOR DE BLASIO: Four hundred
18 thousand people. And because the other piece
19 is the Section 8 program, which is --

20 ASSEMBLYWOMAN NOLAN: Right. Right.
21 So half a million in NYCHA, half a million on
22 Section 8. I don't know what the average
23 income for the NYCHA family, the average
24 NYCHA family is. But those are the things I

1 think sometimes our colleagues from other
2 parts of the state, it would be useful to
3 share that so that people get a sense of not
4 only the scope but also the need, and how at
5 a time when the city has become filled with
6 so many high-rise luxury housing, NYCHA is
7 providing housing for working families. I
8 think sometimes that gets lost.

9 But let me let you -- thank you.

10 OMB DIRECTOR HARTZOG: I just asked my
11 staff to come back with an answer on that, as
12 well on as the federal --

13 ASSEMBLYWOMAN NOLAN: It's a little
14 too low for me.

15 OMB DIRECTOR HARTZOG: I just asked my
16 staff to come back with an answer on the
17 federal disinvestment over the course of our
18 actual investments, as the mayor referred to
19 the \$6 billion, and the income question.

20 MAYOR DE BLASIO: Thank you. And
21 you're right, working families.

22 ASSEMBLYWOMAN NOLAN: We'll follow up.
23 Thank you. And thank you to the chairs. I
24 like to say Madam Chair, because it's still

1 historic that Helene and Liz are sitting
2 there. So thank you.

3 CHAIRWOMAN WEINSTEIN: Thank you.
4 Senate?

5 CHAIRWOMAN KRUEGER: Thank you.
6 Senate Finance ranker Jim Seward.

7 SENATOR SEWARD: Thank you, Mr. Mayor.

8 I want to return to a discussion once
9 again on the Medicaid question. You've
10 stated here this morning that this would cost
11 the city \$1.1 billion. And of course
12 according to other state officials, that it's
13 more like a couple of hundred million, if
14 anything at all, depending on whether or not
15 property taxes go up over 2 percent and so
16 on.

17 You know, we as legislators, we need
18 correct information. We have constituents
19 and taxpayers to answer to, and we need to
20 make decisions, you know, based on facts. So
21 how did you come up with such a wildly
22 different conclusion than, shall we say, the
23 Division of the Budget and other state
24 officials?

1 MAYOR DE BLASIO: I'm going to let the
2 budget director explain the specific
3 calculations.

4 I would only say to you, Senator, that
5 I think from the beginning of the discussion
6 the last few weeks there has not been a
7 consistent message from the executive branch.
8 And the very fact that the claim is being
9 made that localities in your district and
10 where I represent are somehow responsible for
11 the increase, when that goes against
12 everything we know about how Medicaid is run,
13 I think that calls into question all the
14 calculations. Because the foundation of the
15 discussion is not consistent.

16 SENATOR SEWARD: You know, I went on
17 the city's website in the -- the official
18 website, and it states explicitly that there
19 are 1800 Medicaid program staff that will,
20 quote, determine your eligibility for
21 long-term care Medicaid coverage, evaluate
22 your medical needs, determine the appropriate
23 care, and develop a service plan if you are
24 medically eligible.

1 Would you agree that because the City
2 of New York is not responsible currently for
3 any growth in the Medicaid program that
4 there's really no incentive for the city to
5 care about cost overruns, as eligibility is
6 determined and appropriate level of care is
7 determined by your staff?

8 MAYOR DE BLASIO: No, I would not
9 agree, Senator, respectfully. And again,
10 I'll turn to the budget director on how we
11 got to our number.

12 But just to answer your very important
13 question, Senator, I would say to you that,
14 again, the standards you saw there on that
15 website are exactly the same ones the State
16 of New York holds. Again, the expansion has
17 not been in the city in recent years, it's
18 been upstate and the suburbs, by the policies
19 of the State of New York.

20 Now, if the State of New York said, We
21 don't want people who are eligible to get
22 Medicaid, so we're instructing localities do
23 not sign up eligible people for Medicaid,
24 well, that would be a different instruction.

1 But we're following the state's very own
2 concept that people who are eligible should
3 get healthcare. So I just -- no, no, we --
4 and by the way, we've offered cost savings
5 consistently and haven't been able to get the
6 state to act on them. That's that \$260
7 million we talked about. It is documented
8 that we could be working on that right now
9 with the state.

10 So no, Senator, I've got to tell you,
11 it's the fiction that somehow, oh, we're
12 being spendthrift because we don't write the
13 check -- no. We're following rules. If all
14 of you say you want different rules for how
15 Medicaid is handled in New York State, we
16 will follow those rules. But we're following
17 the rules of the game as determined in
18 Albany.

19 SENATOR SEWARD: In the time that I
20 have remaining, I wanted to shift the
21 discussion to crime in the city, which
22 does --

23 MAYOR DE BLASIO: Can I just get the
24 budget director to answer your question on

1 how we got to the number?

2 SENATOR SEWARD: Yeah, very briefly.

3 OMB DIRECTOR HARTZOG: Sure. As we
4 and every other county understands it, if you
5 as a local county exceed a 2 percent property
6 tax cap, which we do not have in New York
7 City, and your Medicaid growth is over 3
8 percent year over year, you're responsible
9 for 100 percent of the Medicaid growth if you
10 exceed both of those caps, those artificial
11 caps.

12 When we looked at our Medicaid growth,
13 which was 7 percent over the course of the
14 last state fiscal year as reported by the
15 state, that translates into \$1.1 billion. In
16 my conversations and my staff's conversations
17 with other counties, they too are
18 understanding the same scenario. There may
19 be other counties who are actually living
20 within their 2 percent cap, but the minute
21 they go over the 3 percent Medicaid cap, they
22 are responsible for that cost. And they are
23 in a predicament as well.

24 And I would just also add for those

1 who continue to talk about a 2 percent
2 property tax, there's probably no county that
3 would say that that is actually a good thing
4 for them because of their rising costs.
5 Right? Being able to afford to pay for
6 education, as New York City can, and other
7 basic city services when you have a 2 percent
8 cap in place makes it extremely difficult,
9 then exacerbated by the 3 percent Medicaid
10 cap.

11 SENATOR SEWARD: I wanted to -- thank
12 you. I wanted to ask one quick question on
13 the crime in the city. We're already up
14 about 17 percent -- already, about a month
15 into this year -- over last year. And to
16 what do you attribute this dramatic increase
17 in crime in the city? I'm talking about
18 robberies, burglaries, shootings. And what
19 steps is the city going to take to control
20 this?

21 MAYOR DE BLASIO: Thank you, Senator.
22 I want to emphasize two things, that the NYPD
23 using COMPSTAT as our basic strategic
24 approach, as we have for 25 years, is making

1 immediate adjustments to the things we're
2 seeing.

3 For example, we're seeing a lot of
4 instances of young people robbing other young
5 people. There are specific strategies that
6 can be used to address that and reduce that.
7 We had, thank God, in the month of January a
8 reduction in murders, a reduction in rapes,
9 so it's not just one direction.

10 But where we are seeing real problems
11 is particularly in areas such as robbery.
12 NYPD strategically will move officers to
13 where the greatest problems are manifesting,
14 change strategies to address that. That's
15 what we do.

16 The underlying issue -- and I say
17 again I believe the bail reform bill was the
18 right thing to do. I do believe there's a
19 connection, clearly, between the change in
20 law and this kind of unusual uptick. Our
21 police commissioner has stated clearly his
22 reasoning, and I have tremendous respect for
23 his analysis. I think there is always more
24 than one factor in anything in life, and

1 there can be statistical variations, but it's
2 the only major thing that changed.

3 That said, I think we can all work
4 together to address the outstanding issues in
5 this legislative session in a productive way.

6 SENATOR SEWARD: You have some changes
7 in the bail --

8 MAYOR DE BLASIO: As you know, and
9 I've said it this year and last, I think
10 judicial discretion would be the thing that
11 would not undermine the very appropriate
12 goals of the reform but would allow us all to
13 move forward effectively. I really believe
14 that.

15 SENATOR SEWARD: Thank you. Thank
16 you.

17 CHAIRWOMAN KRUEGER: Thank you.
18 Assembly.

19 CHAIRWOMAN WEINSTEIN: We go to
20 Assemblyman Ra.

21 ASSEMBLYMAN RA: Good afternoon,
22 Mayor.

23 I'm going to continue on that same
24 topic. Does the data that you've seen as far

1 as January, you know, indicate that there's a
2 correlation there in terms of, you know,
3 people that may have been released committing
4 additional crimes?

5 MAYOR DE BLASIO: Assemblymember, I'm
6 glad you asked it that way, because I don't
7 think it's just that, and I want to be real
8 clear.

9 I think the biggest thing that changed
10 between this January and last January --
11 that's how we do our statistics, is comparing
12 month to month. The biggest thing that
13 changed was a change in law, unquestionably.

14 Again, can there be statistical
15 variations for other reasons? Of course.
16 But I don't think it's simply the issue of
17 was an individual out on bail. I think
18 there's more to it than that. And the
19 question in my mind is how we look at an
20 ever-changing criminal justice system and
21 figure out how to make it more effective, how
22 to make it respond to crime more quickly and
23 show that there are clear consequences.

24 So I think we have some bigger work to

1 do together. I personally believe the single
2 most powerful step would be to put the right
3 kind of judicial discretion in place. But I
4 want to be really clear, and to the previous
5 question as well. While we're all having
6 this very respectful conversation -- and we
7 are -- I mean, I've spoken to all the key
8 leadership in this city on how we work
9 together. The NYPD is going to make
10 adjustments right now. We have done it time
11 and again. There's a reason you've seen 25
12 years of straight decline in crime. We're
13 going to make the adjustments now to address
14 the situation in the meantime.

15 ASSEMBLYMAN RA: Thank you. And on
16 the same topic, there's obviously needs that
17 have come up with regard to the reforms in
18 terms of new resources and new approaches, I
19 would say. And one of them obviously that
20 has coverage lately is, you know, the idea of
21 those less restrictive alternatives like
22 ankle monitors.

23 So where is the city in terms of
24 getting that program up and running? I know

1 some members of the judiciary have expressed
2 some frustration that they haven't had that
3 option in certain cases that they felt it
4 might have been appropriate.

5 MAYOR DE BLASIO: I'm going to start
6 very quickly and turn to our budget director,
7 who I know has got more detail on the things
8 we've been doing to respond to the new law.

9 Look, we have a very aggressive
10 supervised release approach. I will note,
11 respectfully, it's unfunded, so we've had to
12 come up with those resources ourselves.
13 Other localities are trying their best -- and
14 you know a lot of them are struggling to
15 address the unfunded elements of the
16 different criminal justice reform bills.

17 I can say for sure we have some
18 aggressive supervised release strategies that
19 we think are going to be effective in this
20 environment. But it has been a struggle to
21 do it on this kind of timeline and with this
22 kind of cost.

23 Would you like to speak to any
24 specifics?

1 OMB DIRECTOR HARTZOG: Sure. Just to
2 say that we've invested over 103 million in
3 supervised release and, as the mayor pointed
4 out, the 70 million for annual cost on
5 discovery. And as it relates to the ankle
6 monitors that you're referring to, we
7 actually are in the process of launching a
8 pilot program.

9 ASSEMBLYMAN RA: Okay. So can you
10 just repeat that? What is the cost that the
11 city's looking at in terms -- I fully agree
12 this is a mandate that we have thrust upon
13 our counties without funding. What is the
14 cost that the city believes that -- I mean, I
15 know there's so many different aspects of it.
16 There's discovery, there's other types of
17 monitored release.

18 In terms of the ankle monitoring
19 program, do you -- I know in the past it was
20 administered in a different way when it -- I
21 mean, at times was used in different ways.
22 But in terms of the new requirements of the
23 reforms.

24 OMB DIRECTOR HARTZOG: We'll get you

1 an answer right now.

2 ASSEMBLYMAN RA: Okay, thank you. If
3 I can shift quickly to one other topic,
4 housing. There are -- you know, after the
5 changes of the rent laws that were adopted
6 last year, there have been some reports of
7 rent-regulated buildings having some decrease
8 in their value. How is that reflected in tax
9 assessments? Is there a concern that
10 reductions in assessments on those properties
11 could create a budgetary shortfall within the
12 city?

13 MAYOR DE BLASIO: Well, what I'd say,
14 Assemblymember, is again I think the actions
15 taken in the law were very, very important to
16 protecting affordability. And I commend the
17 Legislature for its actions.

18 We are monitoring to see if there's
19 any unintended consequences. We're obviously
20 paying close attention to that. I think it's
21 too early for us to say definitively at this
22 point.

23 What I want to make sure we all do
24 together is protect affordability and also

1 make sure that, you know, buildings are
2 maintained well and that there's every
3 incentive for landlords to ensure that
4 there's a supply of affordable quality
5 housing. So far we're seeing very good
6 results from the law in terms of
7 affordability, but it's too early to tell on
8 the bigger trends.

9 ASSEMBLYMAN RA: Thank you.

10 CHAIRWOMAN WEINSTEIN: Thank you.

11 Senate?

12 CHAIRWOMAN KRUEGER: Thank you.

13 Senator Felder.

14 SENATOR FELDER: Good morning. And I
15 want to echo the thanks that many of my
16 colleagues have given to the wonderful
17 programs like pre-K and other things that
18 your administration has innovated.

19 But for 14 years New York City has
20 been out of compliance with the federal
21 Individuals with Disabilities Education Act.
22 And unfortunately, nothing matches the
23 consistent level of negligence by your
24 administration.

1 As a result of loads of work and
2 pressure by the Senate and Assembly, on June
3 24, 2014, you held a press conference and
4 announced an action plan to help the families
5 of students with disabilities. You said that
6 the administrative changes committed to
7 included expediting settlement decisions, not
8 relitigating cases that were already settled,
9 reducing paperwork, expediting payments. And
10 for a period of time, things actually
11 improved somewhat.

12 But unfortunately, that was followed
13 by years of decline. I have a timeline.
14 September 1, 2015, I wrote you detailing the
15 difficulties that families with special-needs
16 children were having with the special ed
17 system. December 10, 2015, I wrote you about
18 the same thing. May 4, 2016.

19 You testified here again before the
20 Senate and recommitted to the reforms that
21 you had promised earlier. 2016. September
22 6, 2016 -- December 6, 2016, I requested a
23 meeting. I didn't get a response.

24 January 30, 2017, you testified again,

1 and I questioned you again about the lack of
2 implementation of the reforms that you had
3 promised. February 22, 2017, I finally met
4 with some of your staff members on this
5 issue.

6 October 8, 2018, the Times, New York
7 Times, runs an article about the difficulties
8 that families with special-needs children
9 face getting services and highlighted the
10 case of TJ, a 12-year-old who the special
11 education system had totally failed.

12 August 20, '19, I wrote again, I wrote
13 you again about this problem and this crisis.
14 I got no response.

15 Just yesterday, USA Today ran a story
16 about two boys, Isaac and Landon, both with
17 dyslexia, whose families struggled to get
18 help in New York's special education system.

19 Every year the mayor comes to Albany
20 and literally, literally days before
21 announces some positive development or
22 promise. But we've gotten used to broken
23 promises. And unfortunately, the mayor has a
24 very reliable pattern of broken promises in

1 this area over and over again. You know the
2 expression "fool me once, shame on you; fool
3 me twice, shame on me."

4 According to the data that exists now
5 {displays poster}, there are over 10,000
6 students like these -- and I want to thank
7 Senator Jackson for bringing up this issue --
8 10,000 students that are simply waiting to
9 have their cases heard. Then, if parents
10 actually win their case, it takes months and
11 sometimes years for children to receive
12 services or payment for those cases.

13 CHAIRWOMAN KRUEGER: Senator Felder,
14 do me a favor. Senator Felder, just put the
15 poster down. We don't allow that.

16 SENATOR FELDER: I'm sorry?

17 CHAIRWOMAN KRUEGER: We don't allow
18 posters in the budget hearings. So just put
19 that down and continue your questions.

20 SENATOR FELDER: Yeah, sure.

21 CHAIRWOMAN KRUEGER: Thank you.

22 SENATOR FELDER: We are in crisis.

23 Incompetence of this magnitude is not
24 believable. Corruption is more likely what

1 is happening. I'm asking you, Mr. Mayor, to
2 join me in requesting that an independent
3 monitor from the DOI do a thorough
4 investigation as to why over 10,000
5 special-needs students are in crisis.

6 How did this happen, and what has to
7 be done to fix the problem? I'm asking you
8 to do this immediately. And I will be
9 sending a letter as soon as this hearing is
10 over, with this request.

11 CHAIRWOMAN KRUEGER: Assembly.

12 MAYOR DE BLASIO: I'd be -- look --

13 CHAIRWOMAN WEINSTEIN: You know what,
14 this is very easy, because I am next on the
15 Assembly side. And I didn't know if you
16 wanted to say something to Senator Felder.
17 But and he and I are -- as well others in
18 both houses are -- do share concern about the
19 backlog of payments to the parents of
20 children who have placement -- alternative
21 placements.

22 So I know we've been having some
23 discussions with the administration, and we
24 are hopeful that there would be something

1 forthcoming soon that could give some
2 reassurance to the parents, to these
3 families, of when they can see more timely
4 payments of placements that they are being
5 forced to put out.

6 I'm not sure you need to respond to
7 that. I -- if you want to --

8 MAYOR DE BLASIO: I'll only respond --
9 thank you, Madam Chair. I'll only respond --
10 I do think our budget director should tell
11 you the amount of money that is being spent
12 to address this very problem. Because it
13 stands to reason, when you see this kind of a
14 shift in a budget towards special ed
15 families, that we are trying actually all the
16 time to get them the resources they need. So
17 I'm not going to go into any detail in
18 response to the previous.

19 There is no corruption. This is about
20 a system that was broken for the longest time
21 that we are trying to fix constantly, that
22 we're spending hundreds and hundreds of
23 millions of dollars to get people what they
24 deserve. We definitely have more work to do.

1 I'm not going to say anything different than
2 we have a lot to keep fixing. But it is not
3 for a second that people are not trying all
4 day to get this done.

5 Go ahead, Melanie.

6 OMB DIRECTOR HARTZOG: Sure.

7 So when we started, we were about \$5.2
8 billion in spending on special education.
9 And by the time we ended our fiscal year '19,
10 we were at 6.9 billion. And we are forecast
11 to go up to 7.2 billion in the current year
12 and then 7.3 billion in fiscal year '21.
13 This includes this past spring we invested
14 33.4 million to bring additional services,
15 including for children on the autistic
16 spectrum. That was where we were seeing a
17 very big need within the school system to
18 ramp up for that population.

19 We are also working very aggressively
20 to get the 4410 schools for special education
21 needs children pre-K, to get them additional
22 funding through the state and increase their
23 rates as well as what we can do as a city to
24 contract with them directly around services,

1 to provide better quality there and meet the
2 need.

3 And then on the Carter cases, my staff
4 has personally been meeting with DOE over the
5 course of several months now, upwards -- I
6 would say even more towards a year, to look
7 at the particular backlog. We've invested in
8 attorneys to deal with and address the
9 backlog, and we are on track to have
10 processed all the '18-'19 prior-year
11 settlements as we committed to.

12 And for '19 and '20 claims, we're over
13 90 percent in meeting reviews for the 10-day
14 filings, but that's acknowledging that
15 there's more to do. We have invested more
16 money, including as recently as this past
17 plan. We're at \$540 million annually for
18 Carter cases. But again, I acknowledge that
19 there's much more that we can do, and I'm
20 happy to meet with you with my staff to talk
21 about what more we need to do.

22 MAYOR DE BLASIO: And Madam Chair,
23 just to make sure that it's clear in human
24 terms. When you're spending \$2 billion more

1 a year, I don't know what says more clearly
2 that we want parents and kids to get what
3 they need. We're creating the programs in
4 our schools to make sure that kids can get
5 them more effectively.

6 And this point about kids on the
7 autism spectrum, that's an area where the
8 public schools have proven that they can
9 serve kids well, and we're building out those
10 programs in our schools. So there's no
11 looking for something outside, there's no
12 reimbursement, just show up and you get what
13 you need.

14 So this is something we are constantly
15 trying to improve upon. And we want to work
16 with you to find every next step we can take.
17 And we need your help on the special ed pre-K
18 issue to get the state to increase those
19 rates so we can serve more kids.

20 But there's constant focus and
21 constant resources being put into solving
22 this problem.

23 CHAIRWOMAN WEINSTEIN: Thank you on
24 that.

1 And I wanted to -- I wanted to bring
2 an issue that's in the Governor's budget
3 regarding the STAR program to your attention.
4 I'm not sure if you've looked at it. But
5 there is a proposal to eliminate STAR
6 benefits to someone who is behind in their
7 property taxes, who's in default of their
8 property taxes. There is concern that has
9 been expressed to me that property tax
10 foreclosures are a challenge, especially for
11 seniors and especially for seniors who are
12 confronted with a reverse mortgage
13 foreclosure where the loss of that exemption
14 just makes resolving those kinds of cases
15 more difficult.

16 So I'm not sure if you folks have
17 looked at it yet. If not -- sorry -- I'd
18 like to know your opinion about that
19 provision. And if you haven't looked at it,
20 if you could and get back to us with a
21 position.

22 OMB DIRECTOR HARTZOG: I will look
23 into it and get back to you.

24 Clearly any benefit that's taken away,

1 though, from seniors especially is of great
2 concern, I'll just say that right off the
3 top.

4 CHAIRWOMAN WEINSTEIN: Thank you. And
5 if you could share what the potential impact
6 would be for New York City seniors in that
7 situation.

8 MAYOR DE BLASIO: Thank you for
9 raising it. That's very important.

10 CHAIRWOMAN WEINSTEIN: We've been
11 joined by Assemblywoman Wright and
12 Assemblyman Epstein.

13 And we now go to the Senate for a
14 question.

15 CHAIRWOMAN KRUEGER: Senator Diane
16 Savino.

17 SENATOR SAVINO: Thank you, Senator
18 Krueger.

19 Good morning, Mr. -- good afternoon.

20 MAYOR DE BLASIO: Good afternoon.

21 SENATOR SAVINO: Wow, it's already
22 1 o'clock.

23 So I'm not going to repeat the
24 questions about Medicaid; I think you've

1 fairly well answered them. I will say that I
2 agree with you on my concerns about the state
3 continuing to not fund Close to Home and
4 Raise the Age. As a New York City
5 representative, I get a little offended when
6 people say they're New York City's children.
7 In fact they are New York City's and New York
8 State's children, and we should take care of
9 them.

10 MAYOR DE BLASIO: Right. Thank you.

11 SENATOR SAVINO: On the property tax
12 issue, I am one of those people that stands
13 to benefit if we do this correctly, as all of
14 my constituents are. And I appreciate the
15 fact that you recognize that the system is
16 not only unfair, but that you're even willing
17 to pay more in taxes. Because I look forward
18 to that. One day we should be on the
19 opposite side.

20 MAYOR DE BLASIO: I'll give you a
21 check.

22 (Laughter.)

23 SENATOR SAVINO: I want to raise an
24 issue, though, that's in your testimony --

1 two things. And since we don't have a lot of
2 time, I'll just say them both.

3 On the cannabis side, I'm happy that
4 you support it. I would say let us be a
5 little more thoughtful about the idea of a
6 New York City license as well. We don't do
7 that with medical. And it's complicated
8 enough to site dispensaries under the current
9 restrictions that the federal government
10 places on states that provide or allow for
11 medical marijuana and/or adult use. It's
12 hard enough to -- you know, as I like to
13 joke, you can't swing a dead cat in Brooklyn
14 without hitting a school, a daycare center, a
15 church, any of the places that you couldn't
16 put a legal dispensary anyway. So I would
17 just say proceed cautiously on that.

18 And finally, on -- in your testimony
19 you talk about the concerns that we have
20 about small businesses and mom-and-pops. I
21 represent an area where we have some
22 suffering commercial strips -- Port Richmond
23 Avenue, the area around Tappen Park,
24 Coney Island. And one of the things that the

1 property owners there say to me is they're
2 not holding back the spaces because they
3 don't want to rent them. They can't find
4 tenants that can commit to multiyear leases.
5 And on top of that, the tenants who are
6 there, the small businesses, say that one of
7 the things that drives them out -- besides,
8 you know, all sorts of fines and penalties
9 that the city places on them, whether it's
10 the size of their awnings or new restrictions
11 on them -- it's that commercial property tax
12 is factored into the rent of the tenants.
13 And it's growing at a rapid rate, and they
14 can't afford to renew their leases.

15 And so what happens is you have
16 landlords who have vacant storefronts and no
17 one wants to see them replace those vacant
18 storefronts with chain stores and pharmacies
19 and banks. But that becomes the only people
20 that can move in, build out the space, and
21 commit to a multiyear lease. So it's almost
22 as if they're -- we're going around in
23 circles.

24 So I'm just concerned about your

1 proposal that landlords would pay an
2 additional tax if they keep their spaces
3 empty, when in fact they don't want to keep
4 them empty. They're trying to find ways to
5 encourage small businesses to come in, but
6 the local costs are becoming exorbitant on
7 small businesses, and we're defeating the
8 purpose.

9 MAYOR DE BLASIO: Senator, I really
10 appreciate you raising that because no one's
11 saying it's like one easy formula here.

12 So one of the things I said in the
13 State of the City is, you know, we've reduced
14 small business fines by 40 percent, we're
15 going to do some 10 percent more. We are
16 going to provide low-interest loans, legal
17 assistance, much more facilitation for small
18 businesses to open or to deal with whatever
19 problems they're dealing with.

20 There's no question the city can do a
21 lot of things to help. But I do want to
22 argue the point that I don't understand how a
23 landlord can say, Oh, I can't find a tenant
24 to take up a commercial space, when it's a

1 question of supply and demand.

2 I've talked to lots of people who own
3 small businesses and want to own small
4 businesses who are confronted with exorbitant
5 rent levels. We know, certainly in my
6 neighborhood, that small businesses that
7 wanted to stay where they were, were thrown
8 out by landlords who wanted to jack up the
9 rent.

10 SENATOR SAVINO: But part of the rent
11 is the property tax that's passed through on
12 commercial tenants.

13 So I would just -- I would just say
14 that while it's -- people might want to be in
15 7th Avenue and Park Slope because it's
16 desirable, there are other parts of the city
17 where it's less desirable. You don't have a
18 lot of street traffic. And we cannot deny
19 that consumer habits have changed
20 permanently. Less and less people like to
21 walk the avenue with their shopping cart.
22 They're just not doing it. They sit home,
23 they order their food, they order their
24 dinner, they order their furniture, they

1 order their shoes, they order everything
2 online and it's delivered right to their
3 door.

4 So I would just say instead of looking
5 for a culprit, perhaps we should have a more
6 holistic approach: What can we do to support
7 small businesses and what can we do to
8 support property owners who would like to
9 have businesses on their property.

10 MAYOR DE BLASIO: So just finishing, I
11 agree with your holistic -- the point about a
12 need for a holistic approach, unquestionably.
13 I agree with you that there's big changes in
14 consumer behavior underlying this,
15 unquestionably.

16 So from a city perspective, reduced
17 fines provide a lot more direct-support
18 facilitation for small business. Also what I
19 mentioned, taking a half billion dollars in
20 pension funds and investing those in small
21 businesses so they can have more chance of
22 being productive. All of those things would
23 help.

24 I would only disagree on one point,

1 that I think some part of this -- agreeing
2 with you there's many, many factors. Some
3 part of this in some neighborhoods has been a
4 store that was there for a long time and the
5 landlord saying, No, we're doubling the rent.

6 I mean, Neirs Tavern, I'm sure you saw
7 the coverage of that in Woodhaven, Queens.
8 That was an instance where the landlord was
9 talking about raising the monthly rent by
10 thousands. Those are individual choices
11 which I think are unfair to communities, and
12 I think it's fair to say that landlords have
13 responsibility here to a community,
14 particularly with historic businesses that
15 mean so much to communities.

16 And if they're going to try, which
17 we've seen some do, to jack up the rent so
18 much that the existing tenant has to leave,
19 the existing store has to leave, the jobs and
20 everything go with them, and then it sits
21 there. I think there's got to be some
22 disincentive, there's got to be something
23 that says if you've got a business in there,
24 work with that business to keep them there.

1 So hearing all your other points, I
2 still think that's a part of the problem
3 we're trying to address.

4 SENATOR SAVINO: Thank you.

5 CHAIRWOMAN KRUEGER: Thank you.
6 Assembly.

7 CHAIRWOMAN WEINSTEIN: We've been
8 joined by Assemblywoman Richardson, and we go
9 to Assemblywoman Wright for a question.

10 ASSEMBLYWOMAN WRIGHT: Thank you.

11 Thank you for coming today.

12 I do want to -- I want to follow up
13 and further support what Senator Savino was
14 speaking about. I'm getting lots of
15 complaints from these proposals to penalize
16 the building owners for vacancies -- for
17 spaces that are vacant.

18 The small businesses along the
19 corridors stand in solidarity with those
20 owners very often because the supports that
21 they're looking for are not for people to be
22 penalized but actually to undergird the
23 business and the community. They are faced
24 with tremendous fines, and the new -- even

1 the new sanitation system that the city has
2 instituted does not support the small micro
3 mom-and-pop businesses. What it's done is
4 it's created regions where there's no
5 competition. They're still suffering under a
6 lot of fines from inspections and what they
7 feel is somewhat arbitrary enforcement
8 against them.

9 So I think the small mom-and-pop
10 business communities are looking for
11 something that's more holistic, that doesn't
12 create demons in the system. They all work
13 together. And that part of our conversation
14 has to relate back to how we tax those
15 commercial spaces. It is a part of the
16 leases in most standard commercial leases, so
17 until we address that, the problem is going
18 to happen.

19 We're not trying to say that there's
20 not going to be one or two bad actors who
21 double rents unnecessarily. However, I don't
22 know what's going on in those relationships,
23 but those are the outliers. That's not the
24 standard. And a lot of the vacant spaces are

1 not vacant because someone tried to double
2 rent.

3 So I think that we need to really
4 address how we are supporting small micro
5 corridors. I know that it took over 10 years
6 before one of my small corridors was included
7 in the NYC -- I think it's the NYC Go
8 advertising campaign that's supposed to
9 support small businesses. It shouldn't take
10 a decade.

11 Regarding our tax system, I have gone
12 through the proposal. The thing that you
13 have not addressed is the fact that we assess
14 values based upon recent transactions. In a
15 community such as Bedford-Stuyvesant or
16 Crown Heights, that means that they're going
17 to see their tax values go up under your
18 plan. That is not something we want to see,
19 because it's based on historically, for this
20 past about decade, the city allowing that to
21 be the community where outside investors were
22 able to wash their money through our
23 community and artificially inflate home
24 prices.

1 There's no place where home values
2 have gone up three or four times nearly as
3 quickly as it has in a Bed-Stuy and a
4 Crown Heights over this 10-year period. We
5 allowed outside investors -- those homes flip
6 at least twice before someone purchases it
7 that actually wants to live in the community.
8 These are cash deals, and it's a problem.

9 And so long as we are going to base
10 the taxing system on artificially inflated
11 assessments, we're going to have a problem,
12 particularly in a working-class community
13 like a Bedford-Stuyvesant and a
14 Crown Heights.

15 And I also want to reiterate that I
16 would like to get the information related to
17 the tax liens, because that is a big problem
18 in our community. Thank you.

19 MAYOR DE BLASIO: Thank you. And
20 we'll get you the follow-up information for
21 sure.

22 Everything you said, I'm taking in.
23 And I think it stands to reason we have to
24 address all of it. And I agree with you when

1 you say, on the holistic point on small
2 business, no one is here saying there's one
3 magic formula. It's going to take a lot of
4 different pieces to overcome what's become a
5 crisis that -- I mean, six years ago when I
6 took office, totally different environment
7 for retail. It has been shocking how much
8 has changed. We're going to have to use a
9 lot of different tools.

10 On the -- and I hear loud and clear
11 your concern on that tax issue there, and we
12 will certainly look at that for sure.

13 On the question of property tax
14 reform, only to say to you that, one, we're
15 trying to balance -- we're obviously trying
16 to come up with something that will address
17 the reality of the whole city. We are trying
18 to acknowledge that for people who have owned
19 a home for a long time, many of whom are
20 seniors, for example, that there's ways to
21 make sure that that burden does not hit them
22 in the way we've structured this proposal.
23 This is only a preliminary proposal,
24 obviously. There's going to be a fuller

1 proposal.

2 So I think we can lessen whatever
3 negative impact. I think for those who are
4 speculating that you point to, you know, they
5 are going to end up dealing with paying a
6 higher rate --

7 ASSEMBLYWOMAN WRIGHT: No, but what
8 we're seeing is that the proposal says that
9 those who have homes near those buildings
10 that have been traded in speculation or
11 speculative trades are now going to be
12 penalized, because home assessments will be
13 based upon sale values.

14 And sale values are artificially
15 inflated in this community because it has
16 been a target for home flipping over the past
17 decade, largely cash deals.

18 So I just needed to -- I just need
19 your proposal to address that fact, that's
20 all.

21 MAYOR DE BLASIO: I appreciate that.
22 Thank you.

23 CHAIRWOMAN WEINSTEIN: Thank you.
24 Senate?

1 CHAIRWOMAN KRUEGER: Thank you.

2 I'm not going to take your time today,
3 Mr. Mayor, because I just spent quite a bit
4 time chatting with your staff, and we've
5 taken up so much time today for one mayor
6 with a long list of other people waiting.

7 But I do want to give our Senate chair
8 of the Cities Committee one more shot to ask
9 you five minutes worth of questions.

10 It's only five minutes on the second
11 round. Thank you.

12 Senator Jackson.

13 SENATOR JACKSON: Thank you, Madam
14 Chair.

15 Hello, Mayor. So thank you for
16 spending the time here this morning answering
17 questions in order to help us deal with the
18 state budget that we're dealing with. And
19 obviously it's a crisis, in my opinion,
20 unless we do the right thing in order to make
21 sure that all New Yorkers, no matter where
22 you live, are taken care of.

23 I just need to ask a question. I was
24 reading some questions on the other Big Four

1 mayors and cities that are coming up, and one
2 question says that Buffalo is currently
3 slated to receive about 161 million in AIM
4 funding. And I remember that New York City,
5 who used to receive AIM funding of over
6 \$300 million -- are we still receiving AIM
7 money like every other municipality in the
8 State of New York?

9 MAYOR DE BLASIO: No, sir. It's been
10 many years. Fiscal 2011 was when we last
11 received AIM money. None since then.

12 SENATOR JACKSON: I think I remember
13 going back when there was a commitment by the
14 Governor at that time that don't worry about
15 it, we'll make sure that you get it the next
16 year. And then when Governor Cuomo came in,
17 he said, I didn't make that promise.

18 So New York City has been cut out of
19 at least 300 million. I mean, if it was
20 300 million back in 2011, it must be about
21 750 million right now that we would normally
22 get as a result of aid to municipalities. I
23 mean, New York City is the engine of New York
24 State. You would agree with that?

1 MAYOR DE BLASIO: Absolutely, in terms
2 of creating jobs, creating revenue for a
3 whole state, there's no question.

4 And look, we're proud to be a part of
5 the state and contribute to the state. But
6 your point is well taken that when you take
7 away \$300 million -- it's now grown in value,
8 you're right, and it never came back, despite
9 promises. And as I mentioned, just since
10 I've been mayor, an additional billion
11 dollars in annual impact in terms of cuts to
12 our budget from the state, and then a whole
13 host of unfunded mandates that we have had to
14 pay for. This is really undercutting our
15 ability to serve people.

16 These cuts this time proposed by the
17 Executive equal more than all the cuts we've
18 received over the previous six years
19 combined. That's the magnitude we're talking
20 about here. And the fact that I'm sad,
21 Senator, to have to tell you how many clinics
22 would be closed, how many doctors and nurses
23 would be laid off, how many after-school
24 programs would be canceled, how many summer

1 youth programs would be canceled. That's the
2 magnitude of what we're talking about here.

3 SENATOR JACKSON: Well, let me just
4 say that I represent Marble Hill, Inwood,
5 Washington Heights and Upper West Side and
6 Midtown, and I go down to Chelsea in the
7 projects. And I tell you, there's a lot of
8 need out there, based on me going around.

9 And especially I was in Chelsea
10 Houses, and I communicated with NYCHA there
11 are ratholes all over the place, and people
12 are really complaining about the rats. And I
13 know this is Lunar New Year, the Year of the
14 Rat. But the little rat that I have is a
15 little toy rat from my grandson to play with.

16 But let me just ask the question, I've
17 heard people talk about the laws that we
18 passed last year. I want you, Mr. Mayor -- I
19 know that you said you feel that some
20 tweakings need to happen with the law. On
21 February 3rd, the Daily News opinion section:
22 "A Tale of Mental Health, Not Bail," by Luis
23 Sepúlveda, our State Senator, and Cheryl
24 Roberts. If you haven't read that, I ask you

1 to please read that. And then also on
2 January 28th, Ron Kuby wrote an article in
3 the Daily News: "No Backing Down on Bail
4 Now." And then the New York Times Sunday
5 edition on January 26th: This Law Could End
6 Mass Incarceration."

7 And I say this. This is the article
8 in the New York Times, and it cites:
9 "North Carolina and Texas enacted laws in the
10 last decade requiring broad disclosure of
11 evidence known as discovery. At first,
12 prosecutors said the requirement was
13 unworkable and put witnesses and victims at
14 risk by potentially disclosing their
15 identities. But judges in those states and
16 in New York can limit disclosure where
17 necessary."

18 Basically, it's working in a lot of
19 other places. And so I think that we need to
20 give it a chance. As even someone in an
21 article, one of them said, Let's not talk
22 about weeks, let's consider it over a period
23 of months and see if it's working or needs to
24 be tweaked.

1 So I just say that to you, if you have
2 not read those articles -- and the person
3 that gave me this article in the New York
4 Times, who's up on it just as much as I am,
5 is my wife.

6 So I ask you to please -- and everyone
7 else who's asking questions, please consider
8 what we're talking about. We passed laws
9 based on the situation last year. We said
10 give it a chance to work, and that's what I'm
11 asking.

12 MAYOR DE BLASIO: Senator, it's a good
13 law. I thank you for passing the law. And I
14 think in many ways it is contributing to
15 exactly what you hoped for -- a more just
16 system and a huge reduction in mass
17 incarceration. We're seeing that already.
18 That is working.

19 I'm simply saying to you I think
20 there's something that has to be done to
21 balance, and it can be done without
22 undercutting the goals of the law. And it's
23 something I've felt for a long time, way
24 before this law was passed, in terms of

1 judicial discretion.

2 But I do want to say, on mental
3 health, those who are saying we've got a lot
4 more to do on mental health are 100 percent
5 right. I don't think it's an either/or.

6 We did a very powerful new report, our
7 Police Department and our Health Department,
8 a few months back that showed all the ways
9 there's still a huge disconnect between
10 judges, prosecutors, police, health agencies
11 and social services that should all be
12 working on a single case together to get
13 people the mental health services they need.
14 We are way off the mark on that. All of us
15 are going to have to work together, the city
16 and state, to get that done.

17 But in the meantime, I think we can
18 work together on this law to protect its
19 very, very positive impact but improve upon
20 it.

21 SENATOR JACKSON: Thank you for your
22 leadership and your staff's leadership.

23 MAYOR DE BLASIO: Thank you very much,
24 Senator.

1 CHAIRWOMAN WEINSTEIN: We go to
2 Assembly --

3 MAYOR DE BLASIO: Madam Chair, I'm
4 sorry, could I just give a quick response to
5 the previous question from Assemblymember
6 Nolan? We owed her an answer.

7 CHAIRWOMAN WEINSTEIN: Sure.

8 MAYOR DE BLASIO: So Assemblymember
9 Nolan, just to say to you the average
10 household income in public housing is about
11 \$25,000 for a family. And to say to you that
12 the -- we have seen reductions in federal --
13 in fact, you do this, because I can't read
14 your handwriting. Go ahead, Melanie.

15 OMB DIRECTOR HARTZOG: Sure. Over the
16 course --

17 ASSEMBLYWOMAN NOLAN: Thank you for
18 getting it for us.

19 OMB DIRECTOR HARTZOG: Over the course
20 of 2001 to 2018, on the expense side for
21 NYCHA, operating loss of 1.4 billion. And in
22 terms of capital federal funding loss over
23 that same time period, it's 1.3 billion.

24 ASSEMBLYWOMAN NOLAN: Thank you.

1 MAYOR DE BLASIO: Thank you.

2 CHAIRWOMAN WEINSTEIN: We go to
3 Assemblyman Weprin for one question.

4 ASSEMBLYMAN WEPRIN: Thank you,
5 Mr. Mayor, for coming as you do.

6 As you know, I chair the Corrections
7 Committee in the Assembly, and more than half
8 of incarcerated individuals in upstate
9 facilities are originally from New York City.
10 And we have a problem with reentry and those
11 individuals that are being discharged from
12 state facilities -- many of them way
13 upstate -- many of whom have lost ties with
14 their families and their previous
15 communities. And we have a major problem
16 with housing.

17 I worked last year -- we started to --
18 with Steve Banks on trying to get a discharge
19 plan to help everybody where formerly
20 incarcerated individuals could be placed
21 rather than, you know, just go into homeless
22 facilities and where they -- it really wasn't
23 working, they weren't getting the services
24 that they needed, they weren't getting, you

1 know, the employment opportunities,
2 et cetera.

3 So we started to work on a plan, but I
4 guess the session kind of ran out and we
5 weren't able to achieve anything
6 legislatively.

7 So what I'd like to say to you is I'd
8 like to see a commitment -- and I know Steve
9 Banks indicated that it was something that
10 the administration wanted to do. But maybe
11 if you could give me an update on what plan
12 is happening, what's being done to house
13 those individuals who need housing upon being
14 released and being able to provide services,
15 obviously, that would reduce any recidivism.
16 If they have housing and if they have
17 employment opportunities, that would make a
18 huge difference once they're discharged.

19 MAYOR DE BLASIO: Assemblymember,
20 first of all, thank you. You've really
21 played a crucial role in helping us to make
22 our correction system safer, and I want to
23 thank you on behalf of the people of New York
24 State for that.

1 Our budget director will speak to the
2 specific follow-up we're trying to do on the
3 issue you raise.

4 OMB DIRECTOR HARTZOG: Sure.

5 So we have an annual investment of
6 \$34 million in next fiscal year to support
7 discharge planning in the Department of
8 Corrections.

9 And then two numbers that I'm waiting
10 on for my staff to get me now for you are
11 part of the agreement we reached with the
12 City Council on the borough-based jails,
13 where we made an investment in transitional
14 housing exactly for that reason that you just
15 mentioned. We don't want people winding up
16 in shelter, but how can we transition them
17 from prison to reentry into communities and
18 into their homes again? And we also made an
19 investment there in discharge planning.

20 I'll have those numbers for you --

21 ASSEMBLYMAN WEPRIN: Yeah, but I'm
22 talking about those individuals being
23 released from state facilities, not local
24 jails.

1 OMB DIRECTOR HARTZOG: Correct. But
2 the idea being that it's just for both, when
3 you think about both populations. So it's a
4 \$25 million additional investment in
5 transitional housing.

6 ASSEMBLYMAN WEPRIN: Okay. Well, I'd
7 love to work with you on it. And I know
8 Steve Banks had an interest in it. So if we
9 could continue the dialogue and, you know,
10 continue that discussion. {can you get rid
11 of W to left of line number in this
12 paragraph?}.

13 OMB DIRECTOR HARTZOG: Of course.

14 MAYOR DE BLASIO: Yeah, we need your
15 help on that and appreciate it.

16 INTERIM SLA DIRECTOR FLOYD: And just
17 to add, Assemblymember, so we continue to
18 support the legislation that you're talking
19 about and making those commitments. And
20 while the resources that Melanie had
21 mentioned are for individuals leaving city
22 custody, we are actively open to allowing
23 individuals leaving state custody into our
24 programs, and we've also launched the Jails

1 to Jobs initiative in order to connect those
2 individuals to job opportunities upon leaving
3 custody as well. So that's not limited, that
4 is open and available to all.

5 ASSEMBLYMAN WEPRIN: Good. Thank you.
6 Hope to work with you on it.

7 MAYOR DE BLASIO: Thank you very much.

8 ASSEMBLYMAN WEPRIN: Thank you, Madam
9 Chair.

10 CHAIRWOMAN WEINSTEIN: So, Mr. Mayor,
11 I have the last set of questions. I know you
12 touched on homelessness, and to follow up
13 also now Assemblyman Weprin talking about the
14 corrections and homelessness. I was
15 wondering if you can just give us where we
16 are with the 90-shelter plan, how many have
17 opened so far. I understand one of the first
18 is Central Brooklyn. What communities are
19 the ones that are open?

20 And just in terms of the youth that
21 need more support services, what kind of
22 services are happening? Community schools,
23 mental health services for the homeless
24 population?

1 MAYOR DE BLASIO: Just clarifying,
2 Madam Chair. When you're saying youth, you
3 mean -- you're not talking about homeless
4 youth, you're talking about in general? Or
5 homeless youth in specific?

6 CHAIRWOMAN WEINSTEIN: No, homeless
7 youth.

8 MAYOR DE BLASIO: Homeless youth,
9 okay.

10 CHAIRWOMAN WEINSTEIN: Yes.

11 MAYOR DE BLASIO: So I'll start and
12 turn to Melanie.

13 In terms of homeless youth, a very big
14 focus both in shelter and in the schools --
15 because obviously we know which schools have
16 a substantial number of kids who are
17 homeless. It's a horrible sentence to even
18 have to say that we have schools that have a
19 lot of kids who are homeless, but it's true.

20 So we've added more social workers,
21 guidance counselors, attendants, teachers,
22 you name it -- more tutoring. There's a
23 whole host of things being directed to those
24 kids specifically, and we do think it's

1 having an impact.

2 We are also trying to reduce
3 consistently, as part of that very same plan
4 you mentioned with the new shelter creation,
5 trying to reduce the phenomenon of a kid
6 ending up with their family in a shelter far
7 away from their original neighborhood. We're
8 trying to reorient the entire shelter system.
9 God forbid anyone ends up in shelter. We
10 want it to be in their same borough and
11 ideally in their same neighborhood so the
12 child can go easily to the same school.

13 For the first time in recent years
14 we've been providing bus service to make sure
15 kids, if they're not right there in their own
16 school zone, can get to their home school.
17 So we're doing all that.

18 On the shelters, we have 31 that have
19 been opened; 64 have been initiated, meaning
20 the specific sites announced and they're
21 moving forward. We do believe we'll be able
22 to get to our overall goal on the timeline we
23 enunciated. And the goal there is to ensure
24 that we get out of those pay-by-the-day

1 hotels, get out of those substandard
2 clusters.

3 And then when we have all the new
4 shelters up and running, they are convertible
5 to affordable housing at the point where we
6 continue to compress our shelter system. So
7 it's our goal to keep reducing the number in
8 shelters so we can get to that day.

9 CHAIRWOMAN WEINSTEIN: So just to
10 follow up on -- in terms of the young people
11 who -- the children who are attending public
12 schools. If they're not able to go to their
13 home school because of the distance and that,
14 are the funds following them to their new
15 school?

16 Because I know that there's been some
17 issues, I know in my own community there have
18 been issues of a shelter opening and a school
19 being sort of -- being overwhelmed by the
20 students and not having the resources to be
21 able to provide the services they need.

22 OMB DIRECTOR HARTZOG: Yes. So as
23 part of the Bridging the Gap program where we
24 have put social workers in place in schools,

1 they are getting specialized training and
2 they should be following the students.

3 And then we made another investment
4 with City Council to also expand greatly the
5 number of social workers. And so that should
6 be happening.

7 As part of the transportation issue as
8 well, if we weren't able to place within the
9 neighborhood, we then also did a
10 restructuring of the transportation if it was
11 just too long of a trip, meaning it was more
12 than two hours. So we've done a lot of work
13 on that as well.

14 But if there are specific issues, we
15 should -- happy to follow up with you and
16 address them directly, my team with the
17 Department of Education.

18 CHAIRWOMAN WEINSTEIN: Thank you.

19 So I think we promised a shorter time
20 than last year. We're about 15 minutes
21 shorter this time.

22 MAYOR DE BLASIO: God bless you, Madam
23 Chair.

24 (Laughter.)

1 CHAIRWOMAN WEINSTEIN: We were trying
2 for more. But we are trying to go run a
3 tight ship. I know there's some follow-ups
4 for some of the members, if you could provide
5 that. And then in terms of if we could have
6 the list of where the homeless shelters that
7 have already opened or are in stages of being
8 opened are located.

9 MAYOR DE BLASIO: We can get that to
10 you right away.

11 CHAIRWOMAN WEINSTEIN: All the
12 follow-up information will be shared with
13 the --

14 CHAIRWOMAN KRUEGER: With everyone.

15 CHAIRWOMAN WEINSTEIN: -- with all of
16 the members.

17 Thank you for being here, Mr. Mayor.

18 MAYOR DE BLASIO: Thank you both. And
19 thank you to all members. Thank you.

20 CHAIRWOMAN KRUEGER: Thank you.

21 CHAIRWOMAN WEINSTEIN: So as people
22 leave, I just want to give a heads-up that we
23 will be starting -- reconvening with the
24 mayor of one of the big cities. And if

1 Mayor Spano is in the room, I think we're
2 going to go to you next as soon as we get
3 some order back in the house.

4 (Pause.)

5 CHAIRWOMAN KRUEGER: We're just
6 checking if any mayors got here and didn't
7 check in. Is Byron Brown here? He's on his
8 way, thank you. And how about Lovely Warren?
9 Okay. And how about Mark Spano?

10 CHAIRWOMAN WEINSTEIN: Is Mayor Ben
11 Walsh here?

12 No one believed that we were going to
13 finish earlier. We're going to take a
14 five-minute break.

15 (Brief recess from 1:40 to 1:47 p.m.)

16 CHAIRWOMAN WEINSTEIN: Is Mayor Walsh
17 here? Please take a seat.

18 We are ready to begin. Our witness is
19 Honorable Ben Walsh, mayor, City of Syracuse.

20 MAYOR WALSH: Good afternoon. Okay?
21 Thank you. Thank you, Chair Weinstein, Chair
22 Krueger, and members of the joint committee
23 for the opportunity to speak with you today.

24 This is my third time in front of this

1 body, and I am pleased to report that the
2 City of Syracuse continues to make forward
3 progress despite continued fiscal challenges.
4 Some highlights of our recent momentum
5 include Syracuse was the only large city in
6 New York State to grow its population in
7 2018. During that time, Syracuse had the
8 third highest rate of millennial population
9 growth in the nation.

10 Monthly job growth outpaced statewide
11 numbers in all months measured in 2019.

12 One of the world's top financial
13 ratings firms recently upgraded our fiscal
14 outlook. We've been named New York State's
15 "flagship smart city," and Microsoft has
16 committed to establishing its third "smart
17 city" hub in the nation, and first in the
18 Northeast, in Syracuse.

19 A year ago I was here describing a new
20 plan called the Syracuse Surge, our strategy
21 for inclusive growth in the new economy.
22 Since then we have moved forward with
23 multiple major initiatives, including an
24 ambitious proposal to create a

1 state-of-the-art regional science,
2 technology, engineering arts and mathematics
3 high school in downtown Syracuse.

4 I want to thank this body, and in
5 particular Assemblyman Magnarelli and Senator
6 May for their sponsorship -- and
7 Assemblywoman Hunter and Assemblyman Stirpe
8 for their support -- of the STEAM School
9 legislation.

10 We are excited that Governor Cuomo has
11 now expanded the project to include SUNY
12 Empire State College as a partner in
13 workforce development training and is
14 proposing this as part of his Executive
15 Budget this year. I once again ask for your
16 support of this proposal and corresponding
17 funding for this transformational project.

18 While there are many signs of
19 progress, Syracuse still has a long way to
20 go. Poverty levels are far too high, and our
21 infrastructure needs far exceed our capacity
22 to address them.

23 In my first two budgets we have been
24 able to steadily reduce the city's projected

1 deficits and improve our financial position.
2 We have done so by keeping our department
3 operating expenses nearly flat and using data
4 and innovation to deliver services as
5 effectively and efficiently as possible.

6 Working closely with our regional
7 partners, we are implementing shared service
8 initiatives that include savings in our
9 retiree benefits, prescription drug plans,
10 and cybersecurity protections.

11 We are also in the process of
12 implementing recommendations received last
13 year from the State Financial Restructuring
14 Board for local governments.

15 The sales tax agreement extended in
16 2019 with Onondaga County secures the formula
17 for our largest source of revenue through
18 2030. The upcoming budget in 2021 will
19 present significant challenges due to modest
20 revenue growth and the growing cost of
21 attracting and retaining our city's
22 workforce.

23 Despite these challenges, however, we
24 remain committed to achieving a fully

1 balanced budget in the coming years.

2 As you know, the Governor has proposed
3 to keep Aid and Incentives to Municipalities,
4 or AIM funding, flat in his Executive Budget,
5 which I appreciate given the very difficult
6 budget year. That said, I cannot overstate
7 how important AIM funding is to the City of
8 Syracuse. Our city budget, not including
9 special funds in the Syracuse City School
10 District, is approximately \$250 million.

11 Our three largest revenue sources are
12 sales tax, AIM, and local property taxes.
13 Property taxes amount to \$37 million, or only
14 15 percent of the total revenue to operate
15 the city. A 2 percent increase on the tax
16 levy would net less than \$1 million. Sales
17 tax generates approximately 92 million, and
18 state AIM is 72 million, together
19 representing 66 percent of our total revenue.

20 The AIM funding provided to Syracuse
21 is critical to day-to-day operations. I once
22 again ask that you consider an increase in
23 unrestricted aid to cities, helping to
24 mitigate the inflationary growth of our

1 operations.

2 Any reduction in AIM funding would be
3 devastating to cities, forcing us to cut
4 services, reduce investment, and restrict
5 growth. It would mean fewer police officers
6 and firefighters, unfinished work by our
7 road, sanitation and parks crews, and less
8 investment in critical technology
9 infrastructure.

10 On a related note, I respectfully ask
11 that you reconsider last year's decision to
12 restore cuts to AIM funding for towns and
13 villages by using internet sales tax revenue.
14 While I fully support restoring AIM funding
15 for towns and villages, it should not be done
16 on the backs of other local municipalities.

17 Lastly on the topic of revenue, I ask
18 that any decision relative to the
19 legalization of cannabis allow for the
20 collection and sharing of tax revenue to
21 local municipalities to account for any
22 potential impacts on public safety.

23 Good afternoon, Senator May.

24 I'd like to turn now to another

1 important topic relevant to many of my fellow
2 mayors: Aging infrastructure. We have been
3 increasing our investment in infrastructure
4 across the board, but it is an uphill battle.
5 Restoring and maintaining our roads and
6 underground infrastructure will take decades
7 of consistent and focused investment.

8 For too many years, upstate cities
9 have not been able to keep up with
10 deteriorating infrastructure. So I'm asking
11 for your partnership to catch up. We need a
12 steady stream of funding so we can plan
13 multiyear efforts and create economies of
14 scale in the procurement process. I ask that
15 you consider adding funding in the budget to
16 provide for long-term capital that goes
17 beyond the one-road-at-a-time,
18 one-pipe-at-a-time approach.

19 A comprehensive long-term solution
20 requires comprehensive long-term funding. I
21 propose you consider a model under which
22 large municipalities, in order to receive
23 their additional infrastructure allocations,
24 would be required to match the funding with

1 local dollars. The approach would double the
2 impact of the state's investment, create more
3 jobs, and more quickly bring our
4 infrastructure up to modern standards.
5 Working together, we can create a new and
6 better way to maximize investment in the
7 infrastructure we all need to compete and
8 grow.

9 Our roads and bridges are also in need
10 of significant investment, which is why I'm
11 pleased to see funding included in the
12 Executive Budget for the CHIPS, PAVE-NY and
13 BRIDGE NY programs. Unfortunately, Extreme
14 Winter Recovery funding was not included this
15 year, and I respectfully ask that the
16 Legislature consider restoring it. Given the
17 increase in extreme weather associated with
18 climate change, the EWR program will continue
19 to grow in importance in the coming years.

20 In my State of the City address I
21 announced the launch of the new Syracuse
22 Resurgent Neighborhoods Initiative, or RNI.
23 The RNI is the result of the collective
24 feedback we received over the course of more

1 than 90 kitchen-table talks with neighborhood
2 stakeholders throughout the city. We also
3 conducted an eight-month analysis of several
4 of our primary commercial corridors.

5 As a result, we are working on an
6 ambitious in-fill housing project to
7 construct 50 new single-family homes and 75
8 two-family homes to fill gaps in our
9 neighborhoods left by vacant and abandoned
10 properties. Moving forward, we will have
11 dedicated planners for each of the city
12 quadrants who will work to align the data and
13 stakeholder needs with on-the-ground activity
14 in specific commercial corridors and adjacent
15 residential neighborhoods.

16 This initiative requires support from
17 the state through a variety of funding
18 sources, including the Affordable Housing
19 Corporation, Empire State Development,
20 Downtown Revitalization Initiative, and the
21 Brownfield Cleanup Program. Another state
22 program that has been helpful in the past,
23 RESTORE NY, would also support these efforts.

24 I respectfully request you consider

1 funding future rounds of RESTORE NY as we
2 continue our collective efforts to revitalize
3 our urban core neighborhoods.

4 I've spoken about lead as an issue in
5 our city's aged housing stock since I took
6 office two years ago. This is a terrible
7 legacy facing older cities like Syracuse.
8 But unlike so many other issues facing us, we
9 know exactly what to do about it. If we
10 exercise our legislative and executive
11 authority, commit our resources, and follow
12 through with testing and remediation,
13 together we can reduce the lead hazard risk
14 for all of our children.

15 Lead poisoning is dangerous to anyone,
16 but children are disproportionately impacted
17 due to their small size and developing
18 brains. Studies have shown that even small
19 levels of lead can affect a child's IQ,
20 ability to pay attention, and academic
21 achievement. Statistics in Syracuse reflect
22 our need to more aggressively address
23 remediation and prevention.

24 In Syracuse, 10 percent of children

1 under the age of six have elevated blood
2 levels for lead. This is unacceptable. Lead
3 exposure is something we know we can reduce.
4 We can make all of our housing lead-safe.

5 Last month, in partnership with the
6 Common Council, I announced the introduction
7 of a new lead ordinance in Syracuse that is
8 modeled after our neighboring city of
9 Rochester. The law will protect our most
10 at-risk children by investing in proactive
11 inspection of buildings rather than reactive
12 enforcement after children have been
13 poisoned.

14 This expanded law will set the
15 standard to clear a unit for residency and
16 require recertification every three years in
17 high-risk areas. This law will take
18 additional inspectors, training and
19 equipment. We will fund the initial setup in
20 these high-risk areas in our city operating
21 budget with about \$600,000.

22 I would encourage the Legislature to
23 consider enacting a state law that would
24 mandate testing in properties built before

1 1978 and provide funding for properties that
2 test positive for lead. The short-term cost
3 of lead abatement will be far less than the
4 long-term cost of services associated with
5 lead poisoning, including special education,
6 healthcare, criminal justice, and poverty
7 programs.

8 In closing, I'd like to thank each of
9 you for the support the Legislature has
10 provided to the amazing city that I have the
11 privilege to represent. While we face
12 significant challenges in Syracuse, including
13 budget deficits, aging housing and
14 infrastructure, and persistent poverty, I am
15 more confident than ever that we are well on
16 our way to achieving our vision of being a
17 growing city that embraces diversity and
18 creates opportunity for all.

19 Thank you again for your partnership
20 and support.

21 CHAIRWOMAN WEINSTEIN: Thank you.

22 We go to the Senate.

23 CHAIRWOMAN KRUEGER: Thank you. We're
24 going to start with Rachel May, our Senator

1 from Syracuse.

2 MAYOR WALSH: Great.

3 SENATOR MAY: Thank you.

4 And welcome, Mayor.

5 MAYOR WALSH: Thank you, Senator.

6 SENATOR MAY: Congratulations on the
7 good news that you have about Syracuse and a
8 city on the way up, which is really exciting.

9 MAYOR WALSH: Appreciate your
10 partnership.

11 SENATOR MAY: Let me ask a few
12 questions, one about the STEAM budget. So do
13 you feel that you have enough information
14 to -- about the combined tasks of this
15 school? The Governor added the Empire State
16 College as a partner in it, but what
17 additional details do you need in order to
18 know if there is sufficient money in the
19 budget to carry it out?

20 MAYOR WALSH: Right. So again, as I
21 noted in my comments, we welcome the
22 involvement of SUNY Empire State College and
23 specifically the workforce development/
24 training center component. As you know very

1 well, because you've been a strong supporter,
2 up until recently we were really focused on
3 creating a regional STEAM high school.
4 Workforce development has always been a
5 component of our broader Syracuse Surge
6 strategy, and even specifically as it relates
7 to the area that we are calling the
8 South Side Campus for the New Economy.

9 As you know, about a block away from
10 the proposed STEAM school is the SUNY
11 Educational Opportunity Center in Syracuse,
12 which is really our go-to workforce
13 development partner specifically for adult
14 workforce development. And again, being
15 within a block of STEAM really provides some
16 good synergies and alignment with our broader
17 strategy.

18 We believe that SUNY Empire can fit
19 nicely into that strategy, but to your
20 question, we are still in the process of
21 determining how and where exactly they fit
22 in. But they're a welcome partner. We've
23 made it clear to the Governor's office, to
24 SUNY Empire that we see EOC as a critical

1 partner, that we look forward to adding
2 Empire to the team.

3 Again, so still working out the
4 specifics of what that workforce development
5 component looks like, but I think we have --
6 we have what we need in order to advance the
7 school. And as we continue to figure out
8 exactly what the workforce training center
9 looks like, we'll have a better sense of what
10 if any additional funding will be required,
11 and, you know, we'll proceed accordingly.

12 SENATOR MAY: Okay. Great. And then
13 on lead, I congratulate you and the Common
14 Council on making this a priority. I
15 noticed -- it didn't seem like you had a
16 specific funding ask from the state about
17 that. Is there one in the back of your mind,
18 anything that you --

19 MAYOR WALSH: I didn't want to be
20 presumptive. You know, the majority of
21 funding that we receive currently for lead
22 inspections and abatement comes from the
23 federal government, specifically from the
24 Department of Housing and Urban Development.

1 And we've been very successful in partnership
2 with Onondaga County in recent years in
3 securing that funding.

4 We also have local funding committed
5 both through the city and the county as well
6 as through some of our partners, not the
7 least of which is the local Community
8 Foundation, which has really stepped up with
9 their support.

10 Given everything else that we do with
11 the state, our assumption is that there is a
12 certainly a role for the state to play. But
13 I think that the purpose of raising it within
14 the context of this testimony is really to
15 initiate a conversation with the state and
16 specific state departments to figure out
17 where the most appropriate place for the
18 state to fit into the overall strategy is.

19 But given the magnitude of the problem
20 but also, as I noted, the fact that we know
21 how to solve it, it seems like a good place
22 for the state to invest resources to
23 ultimately significantly and positively
24 impact the health of our children.

1 SENATOR MAY: Okay, thanks. And one
2 more question about the children of Syracuse.

3 So there was pretty alarming news a
4 year or so ago about the functional
5 homelessness among our schoolchildren, that
6 up to 10 percent of children in the Syracuse
7 city schools were functionally homeless.

8 Is that something that's on your radar
9 as something to address? And where do you
10 see that fitting into the state budget or to
11 legislation that we could move forward?

12 MAYOR WALSH: Yeah, it certainly is a
13 significant challenge. It's something that I
14 talk about with Superintendent Alicea and
15 board members regularly. I think they have a
16 good system in place to identify the children
17 within the school district that are dealing
18 with homelessness and trying to connect them
19 to the appropriate resources.

20 But, you know, I think that there is
21 an opportunity, as we look at our
22 comprehensive approach to the issue of
23 homelessness -- which is one that we have
24 many partners on and largely have been

1 successful. We did our most recent point in
2 time count, and the good news is the homeless
3 count was lower. But it's still a
4 significant issue.

5 So I think I will use your question as
6 a challenge to figure out exactly -- to
7 provide you with information so we can better
8 understand where the specific homelessness
9 issue as it relates to schoolchildren fits in
10 with our broader strategy and figure out
11 where there may be an opportunity for the
12 state to further support it.

13 SENATOR MAY: Not to go over my time,
14 but just, you know, a lot of these kids are
15 couch-surfing. They may not get counted in
16 the normal homeless population, but they need
17 to be counted somehow.

18 MAYOR WALSH: Absolutely. I'll use
19 that as an opportunity to point out that we
20 have been focused quite a bit on housing
21 stability for all of our population. Because
22 as you pointed out, you know, if you're
23 couch-surfing it's really hard to have
24 consistency in how you're getting to school,

1 not to mention your diet and all of the other
2 basic needs that you have in order to put
3 yourself in a position to actually be able to
4 sit in a classroom and to learn.

5 Twenty-five percent of the City of
6 Syracuse's population, a quarter of our
7 population moves at least one time per year.
8 And you think about how disruptive that can
9 be, particularly if you're a child and you're
10 living in poverty. So yeah, your point is
11 well taken. Thank you.

12 SENATOR MAY: Thank you.

13 CHAIRWOMAN KRUEGER: Thank you.

14 The Assembly doesn't have anyone right
15 now, so we're going to keep going with the
16 Senate.

17 Senator Robert Jackson.

18 SENATOR JACKSON: Hello. Thank you.
19 So good afternoon, Mayor. How are you?

20 MAYOR WALSH: Good afternoon, Senator.
21 Very well, thank you.

22 SENATOR JACKSON: Good. I was in
23 Syracuse last year with my colleague talking
24 about education and seeking additional funds

1 for education.

2 I was looking at your testimony. Can
3 you tell me, of the Aid to Municipality
4 funding that you receive, is any of that
5 spent on education or homelessness to deal
6 with the issues of concern of the children.

7 MAYOR WALSH: So the AIM funding
8 supports the operating costs of the City of
9 Syracuse proper. So as a dependent school
10 district, the school district budget is a
11 part of our overall budget, but it is
12 separate in how it's funded. So the AIM
13 funding does not go directly to support the
14 school district or specifically the issue of
15 child homelessness.

16 But it's certainly something, if we
17 were in a position to add additional AIM
18 funding, that we could -- that we could look
19 at.

20 SENATOR JACKSON: So where does your
21 budget for education come from?

22 MAYOR WALSH: Specifically from the
23 school district taxes that we levy on our
24 residents.

1 SENATOR JACKSON: And is that enough
2 to --

3 MAYOR WALSH: Not to mention quite a
4 bit of additional state funding on top of
5 that.

6 SENATOR JACKSON: Is that enough to
7 provide the children of your city the
8 opportunity to get a sound, basic education,
9 in your opinion?

10 MAYOR WALSH: It's never enough. It's
11 something that we -- we last year raised
12 property taxes in the City of Syracuse and
13 allocated a percentage of that increase to
14 the school district to address the need. The
15 need is great. Approximately a little over
16 30 percent of our population lives at the
17 poverty level.

18 And so in addition to just providing
19 the basic necessities for any education, as
20 Senator May rightfully pointed out, there are
21 so many other barriers to our children
22 getting a sound, basic education.

23 So we welcome the additional education
24 funding in the Executive Budget and would

1 certainly welcome any additional funding or,
2 at a minimum, support of the proposal in the
3 budget.

4 SENATOR JACKSON: Michael Rebell is an
5 attorney that filed the initial Campaign for
6 Fiscal Equity lawsuit.

7 MAYOR WALSH: Right.

8 SENATOR JACKSON: In February 2014 he
9 filed a lawsuit on behalf of all the children
10 in New York State. Is your city involved in
11 supporting or showing up in court, even
12 though it's in New York City, to give Michael
13 Rebell the support that he needs to provide
14 the children of New York State the monies
15 that they're entitled to?

16 Because Syracuse would receive quite a
17 bit of money if in fact we won that lawsuit.

18 MAYOR WALSH: So I have long been a
19 supporter of achieving equitable education
20 funding throughout New York State, including
21 the efforts that you refer to.

22 I am not aware of specific involvement
23 that the City of Syracuse has in the ongoing
24 litigation, but it's certainly something that

1 we'd be willing to explore.

2 SENATOR JACKSON: Well, I think that
3 you or your staff that are involved in your
4 city's government should know about that and
5 should be supporting that. Because if we win
6 on that, and I expect that we will, based on
7 the previous lawsuit that we had, and based
8 on the fact that at every level the State of
9 New York tried to dismiss the lawsuit and the
10 Supreme Court Appellate Division, the highest
11 court in the State of New York, says we're
12 not dismissing this, the case has merit.

13 So your city would benefit greatly
14 from it. And so I ask you to have your
15 people stay in contact with Michael
16 Rebell and the New York Children for
17 Educational Equity. That's the lawsuit that
18 was filed. It's going to trial in the fall
19 of this year.

20 But now I understand -- when I was up
21 in Syracuse and I spent the night there, I
22 happened to go online, and I Googled
23 Syracuse, New York, and Rochester, New York.
24 And let me just tell you, statistically based

1 on what was communicated, Syracuse is one of
2 the poorest school districts in the country.

3 MAYOR WALSH: No doubt.

4 SENATOR JACKSON: So you're the mayor.

5 MAYOR WALSH: Yes, sir.

6 SENATOR JACKSON: We expect you to do
7 what we have to do to rise up and fight back.
8 And so fighting back is getting involved.
9 And I'm saying that to you -- and I'm sure
10 that you know that -- because she's fighting
11 and I'm fighting here to try to get the
12 funds. And let me just tell you, it's not
13 easy. So when we all come together, the
14 better off we will be overall.

15 I see that you wrote in your testimony
16 about the growth of Syracuse and as far as,
17 you know, upgrading the fiscal outlook by
18 having the third-highest rate of millennial
19 population growth in the nation. How is --
20 what are you doing as far as jobs and
21 opportunity for the communities of color?
22 Because Syracuse overall, the City of
23 Syracuse is heavily people of color, but
24 outside of Syracuse it's not.

1 And so -- and I think that that's a
2 distinction that is made when it comes to
3 education. The City of Syracuse is not doing
4 well. Outside of Syracuse, the suburbs, yes.

5 MAYOR WALSH: Right. Yeah, so the
6 reference points within the testimony of
7 improvements are specific to the City of
8 Syracuse. And we have seen improvements
9 along most metrics -- but to your point, sir,
10 nowhere near where we need to be.

11 I mentioned our Syracuse Surge
12 initiative. Syracuse Surge is our strategy
13 for inclusive growth in the new economy, and
14 I'll stress the term "inclusive." We know
15 that if we want to be successful -- and that
16 gets to our vision statement -- we need to
17 ensure that everyone in the city is
18 benefiting from the economic opportunity in
19 our city, not just a few, particularly our
20 most marginalized populations, including our
21 communities of color.

22 The Surge strategy -- that's why we
23 are so focused on developing a new STEAM high
24 school, for example. You wouldn't think that

1 from a traditional economic development
2 perspective that building a new high school
3 would be on the top of the list, but it is,
4 because we understand the connection between
5 providing our young people with the skills
6 that they need to compete in the new economy
7 and then connecting them to the employers
8 that are creating jobs in the new economy.

9 The biggest -- the most significant
10 barrier, obstacle to growth for companies in
11 the Syracuse area -- and it's certainly not
12 unique to Syracuse; this is across the
13 country -- is the ability to attract and
14 retain talented people with the skills that
15 they need. So that's why we're investing so
16 much, again, at the high school level and
17 ensuring not only with the proposed STEAM
18 school, but already through our Career and
19 Technical Education program -- Syracuse has
20 over 20 CTE programs that are providing
21 specific skills that our young people need to
22 get jobs. The STEAM school is an additional
23 component of that, as is the adult workforce
24 development programming that we're doing with

1 the SUNY Educational Opportunity Center.

2 We've also established a new program
3 that we're calling Syracuse Build, which is
4 bringing together some of the largest
5 employers within Onondaga County, looking
6 down the road years in advance, identifying
7 specific job opportunities that are going to
8 be created, not the least of which is
9 Interstate 81 and our challenge of what we're
10 going to do with that elevated viaduct. And
11 on that point, I'm a strong proponent of the
12 community grid option, taking down the
13 viaduct and bringing it to an at-grade level.

14 That is going to bring significant
15 jobs and investment, approximately \$2 billion
16 of investment. And through the Syracuse
17 Build program, we're providing specific job
18 training programs to individuals within the
19 City of Syracuse, within our community, to
20 ensure that they can take advantage of that.

21 SENATOR JACKSON: And that Syracuse
22 Build, that's what period of time frame, and
23 how much money is that?

24 MAYOR WALSH: So right now what we're

1 doing is we are identifying all the job
2 opportunities in the coming years and working
3 with SUNY Educational Opportunity Center to
4 start actual job training programs to support
5 those projects.

6 So we have the first class currently
7 in training. I can't give you a specific
8 dollar amount. It's largely being done with
9 local dollars right now, but that's something
10 that we're going to look to scale to make
11 sure that everyone in the city is in a
12 position to take advantage of those
13 opportunities.

14 SENATOR JACKSON: So you believe -- is
15 the state supporting this program, the State
16 of New York?

17 MAYOR WALSH: Well, certainly through
18 our partnership with SUNY EOC, they are
19 supporting it, and a number of our other
20 partners. But we'll be looking --

21 SENATOR JACKSON: Is the Governor
22 supporting it?

23 MAYOR WALSH: The Governor has been
24 very supportive of the entire Syracuse Surge

1 strategy, including Syracuse Build.

2 SENATOR JACKSON: Last but not least,
3 how is this Executive Budget regarding
4 Medicaid, how is that going to impact your
5 city? And what's your position on how we
6 fight that?

7 MAYOR WALSH: Well, in Onondaga
8 County, where Syracuse is located, the county
9 administers the program, and so that's
10 largely a county matter.

11 But I think to your point --

12 SENATOR JACKSON: Is Syracuse part of
13 that county?

14 MAYOR WALSH: We are indeed. And so
15 to that point, we will certainly be impacted
16 by it. So I have to rely on the opinion of
17 our partners at Onondaga County and
18 specifically County Executive McMahon, who's
19 going to I'm sure be talking about it tonight
20 at his State of the County.

21 But he's very concerned about the
22 current proposal in the Executive Budget and
23 is anticipating without modifications it will
24 have a significant negative fiscal impact on

1 the county, which inevitably will have a
2 negative impact on the City of Syracuse.

3 SENATOR JACKSON: What percentage of
4 the residents of Syracuse are entitled to
5 Medicaid that it will have an impact?

6 MAYOR WALSH: I couldn't give you that
7 number, but I anticipate a significant
8 percentage.

9 SENATOR JACKSON: Okay. Thank you.

10 CHAIRWOMAN KRUEGER: All right, we're
11 done. I want to thank you very much for your
12 testimony here today.

13 MAYOR WALSH: Thank you. Thanks for
14 accommodating the schedule as well.

15 CHAIRWOMAN WEINSTEIN: Thank you.

16 Next, from the City of Buffalo,
17 Honorable Byron Brown, mayor.

18 MAYOR BROWN: Hello. I want to thank
19 Senate Finance Chair Liz Krueger, Assembly
20 Ways and Means Committee Chair Helene
21 Weinstein, Senate Finance Ranking Member
22 James Seward, Assembly Ways and Means Ranking
23 Member William Barclay {sic}, Senate Cities
24 Committee Chair Robert Jackson, and Assembly

1 Cities Committee Chair Edward Braunstein.

2 Also I want to thank all of the other
3 members of the Legislature who are
4 participating in this joint legislative
5 budget hearing. I always appreciate the
6 opportunity to come before you and share the
7 needs and thoughts of the City of Buffalo in
8 the State Budget.

9 I want to apologize for running late.
10 I had a news conference with some members of
11 the Legislature on a critically important
12 issue that impacts Buffalo and Western
13 New York, and I'll share information on that
14 during my testimony.

15 I'm very pleased to be here today with
16 our commissioner of administration and
17 finance, Donna Estrich, and will go into our
18 thoughts on the budget.

19 Governor Andrew Cuomo's Executive
20 Budget proposal continues to fund many of the
21 services and programs needed to ensure
22 Buffalo's long-term growth, competitiveness,
23 and quality of life in a manner that is
24 inclusive, equitable and sustainable.

1 The Governor's Executive Budget
2 increases education funding by \$28.5 billion
3 by adding an additional \$826 million in this
4 year's proposal. It addresses inequity in
5 the funding formulas which historically
6 harmed socioeconomically disadvantaged
7 students in urban areas. It includes an
8 aggressive \$33 billion, five-year plan to
9 combat climate change. It proposes a
10 \$3 billion bond act that will protect
11 New York State by transforming the state's
12 energy and environmental programs. And it
13 continues funding for the Clean Water
14 Infrastructure Act, which is critical to
15 preserving the purity and infrastructure of
16 our waterways and is vital to the health and
17 quality of life of our city's residents. I
18 fully support these items.

19 Over the last 15 years, I have thanked
20 the members of the Legislature for the
21 support you have provided to the City of
22 Buffalo, which has been a key factor in our
23 ongoing renaissance. I also want you to know
24 that in our government, we have made

1 diversity, equity and inclusion key
2 priorities in how we manage city government
3 and how we interact with other stakeholders.
4 I am grateful for the successes that we have
5 achieved by working with the members of the
6 State Legislature and the Governor, and I
7 acknowledge that the entire state is under
8 fiscal pressure as a result of federal
9 funding decisions and policies coming out of
10 Washington.

11 This has become even more apparent and
12 relevant to the Western New York economy in
13 recent days. As I mentioned, we just held a
14 news conference with members of the Western
15 New York state legislative delegation where
16 we have talked about the urgency of the
17 Department of Homeland Security rescinding
18 its decision to suspend New York State from
19 the Global Entry travel program.

20 The suspension of new enrollment and
21 reenrollment in Customs and Border Protection
22 Trusted Traveler programs will have a
23 devastating impact on the City of Buffalo.
24 Western New York relies on the strength of

1 our cross-border economy as we are located
2 within 500 miles of 40 percent of the
3 binational population. Our region is a
4 gateway for commerce, generating
5 approximately \$85 billion in annual trade.

6 Over 1,000 Canadian-owned businesses
7 employ nearly 79,000 New Yorkers, many City
8 of Buffalo residents who rely on accessible
9 border crossings for their livelihoods.
10 Additionally, binational corporations in the
11 region rely on those programs to expedite
12 truck delivery times. There are a total of
13 680,000-plus jobs dependent on trade and
14 investment with Canada. By suspending these
15 programs, there will be an increase in the
16 delivery costs of goods to and from Canada
17 and commute times will increase to
18 unacceptable levels.

19 Furthermore, it is unclear how the
20 conclusion can be reached that New York's
21 Green Light Law will undermine Global Entry
22 security, since Global Entry applicants must
23 submit their passports and undergo rigorous
24 background checks and in-person interviews

1 for approval.

2 This policy will have lasting and
3 catastrophic fiscal implications for our
4 residents and businesses. And if this
5 decision is not reversed, we will certainly
6 see an immediate impact on our city's
7 economy.

8 I want to talk for a moment about
9 state aid in the form of Aid and Incentives
10 to Municipalities. This is vital to the
11 city's operational stability and fiscal
12 strength. Since 2010, when AIM was reduced
13 by 7.6 percent, funding has remained flat.
14 The fixed costs associated with personnel,
15 goods and services have continued to rise.

16 As mayor, I always request that AIM
17 funding be increased to help address actual
18 costs, recognizing the overall fiscal impact
19 on our state. And I also offer ideas today
20 which will help the City of Buffalo better
21 meet our financial needs.

22 I have previously suggested and asked
23 you to consider a gradual increase in the
24 amount of Seneca gaming revenue that the City

1 of Buffalo receives from the state. We are
2 requesting an increase of 3 percent per year
3 over the next four years. We are grateful
4 for the advance of \$7 million the state
5 provided to Buffalo this past fall to cover
6 the gap that has been created by the
7 accumulation of unpaid obligations by the
8 Seneca Nation. But when this is resolved, a
9 slight increase in the city's share going
10 forward would be very helpful in covering our
11 operating costs and replenishing our
12 reserves, which have been depleted.

13 Last year's budget reduced AIM
14 payments to certain towns and villages in our
15 region. The December share of Buffalo, the
16 Buffalo public schools and other
17 municipalities' county sales tax revenues
18 were then withheld to make AIM payments to
19 those impacted towns and villages.
20 Therefore, the City of Buffalo and its Board
21 of Education saw a reduction of \$379,000 and
22 \$225,000 respectively in our December
23 payments. The preliminary projection for the
24 spring, sometime in April, is that payments

1 will decrease an additional \$120,000.

2 We are requesting that future
3 calculations of AIM-related payments are made
4 after the City of Buffalo and the Buffalo
5 Board of Education have received their
6 distribution of sales tax.

7 In the discussion of new revenue, the
8 Executive Budget proposal estimates upwards
9 of \$80 million over the next two years from
10 the sale, cultivation and production of
11 cannabis. I am requesting that a portion of
12 this revenue be directed to the
13 municipalities where these initiatives are
14 launched and implemented.

15 In order to continue to develop as a
16 smart city, my administration is committed to
17 completing our Cars Sharing Main Street
18 project in downtown Buffalo. We have
19 successfully reversed decades of blight and
20 disinvestment that resulted from removing
21 vehicular traffic from Main Street. In the
22 four blocks that are complete, we have seen a
23 significant return of business and
24 entertainment, construction and residential

1 units, hotels, restaurants and other types of
2 investment.

3 CHAIRWOMAN KRUEGER: Thank you for
4 stopping at the 10-minute mark.

5 CHAIRWOMAN WEINSTEIN: Thank you.

6 MAYOR BROWN: Yes.

7 CHAIRWOMAN WEINSTEIN: Thank you.

8 Assemblyman Braunstein.

9 ASSEMBLYMAN BRAUNSTEIN: Thank you for
10 coming, Mr. Mayor. I just have a quick
11 question regarding the AIM funding.

12 MAYOR BROWN: Yes.

13 ASSEMBLYMAN BRAUNSTEIN: So they did
14 away with AIM and they replaced it with a
15 portion of the sales tax revenue. And you're
16 saying that the state is not returning the
17 equal amount of what you were getting in AIM
18 with the sales tax revenue? Can you explain?

19 MAYOR BROWN: So there are actually
20 two issues for us. First, no increase in AIM
21 since it was decreased by 7.6 percent in
22 2010.

23 And then recently, AIM for towns and
24 villages in our region saw a decrease. To

1 address that decrease, which the towns and
2 villages complained would be damaging to
3 them, the state then required the City of
4 Buffalo, the Buffalo Board of Education, and
5 other municipalities in Erie County to
6 reimburse the loss to towns and villages from
7 our proceeds of sales tax. So we have
8 suffered a further loss of revenue in that
9 process.

10 ASSEMBLYMAN BRAUNSTEIN: So prior to
11 the change from direct AIM funding to
12 collecting sales tax and then giving it back
13 to the localities, you saw a decrease?

14 MAYOR BROWN: So what we were directed
15 to do -- the sales tax is paid to the city
16 and the school district and other
17 municipalities, as required, and then we were
18 required to disburse a certain amount back to
19 the county to be able to distribute to towns
20 and villages that were impacted by the change
21 in AIM payments in the last budget.

22 ASSEMBLYMAN BRAUNSTEIN: So ultimately
23 you would want us to rework it so at least
24 you're getting back to where you were before

1 we changed this system.

2 MAYOR BROWN: Absolutely. We want to
3 get back to where we were. We want to make
4 sure that anything done to address the needs
5 of towns and villages don't come out of the
6 city and its school district, that that
7 happens after we get our sales tax proceeds.

8 And we also want the Legislature and
9 the Governor's office to take a look at AIM
10 and recognize that there has been no increase
11 to municipalities since 2010.

12 ASSEMBLYMAN BRAUNSTEIN: Okay. Thank
13 you.

14 MAYOR BROWN: Thank you, sir.

15 CHAIRWOMAN WEINSTEIN: Senate?

16 CHAIRWOMAN KRUEGER: Hi. We have been
17 joined by Senator Tim Kennedy, just in time
18 to ask his hometown mayor a couple of
19 questions.

20 SENATOR KENNEDY: First of all, Mayor,
21 thank you so much for being here once again.
22 Thank you for your leadership and all that
23 you've done to really transform our great
24 City of Buffalo and really create an

1 environment that has started momentum that is
2 going to carry on, I believe, for
3 generations. It's been under your
4 administration that we have seen an
5 incredible renaissance in the city, and you
6 are due a tremendous amount of credit for
7 that. So thank you for that.

8 I want to talk to you briefly about
9 the infrastructure needs in the City of
10 Buffalo. Obviously with the transformational
11 efforts under your administration to create
12 an economy with businesses that are
13 relocating into the city, we want to make
14 sure that the infrastructure is keeping up
15 with those investments in Western New York.

16 Can you talk a little bit about some
17 of the infrastructure needs and what we can
18 do to help complement your efforts thus far?

19 MAYOR BROWN: Yes, Senator. And I
20 want to thank you for being a real champion
21 of the growth and renaissance that we're
22 seeing in Western New York, as well as your
23 colleagues in the Western New York state
24 legislative delegation.

1 There continue to be pressing
2 infrastructure needs in the City of Buffalo.
3 Under the Restore Mother Nature program
4 proposed by the Governor, the city will be
5 requesting \$15 million for seawall repairs.
6 We have seen great environmental impact to
7 the seawall in the City of Buffalo; that will
8 be an infrastructure request we will make.

9 I mentioned our Cars Sharing Main
10 Street program, which has been highly
11 successful, where we have seen at least a
12 three-to-one return. So for every dollar of
13 public money that has been spent, there has
14 been a three times return from the private
15 sector.

16 We were fortunate in the past to
17 receive two allocations of major federal
18 funds, totaling about \$43 million, for that
19 program. This year, unfortunately, there
20 were no BUILD grants that went to New York
21 State at all.

22 Because of that, we are requesting
23 \$30 million in infrastructure funding to
24 continue reopening our Main Street to

1 vehicular traffic. And it coincides with a
2 major investment that is being made by
3 M&T Bank to a facility on Main Street in the
4 City of Buffalo, the largest building in the
5 city, with is a 38-story building, Seneca One
6 Tower, where M&T Bank has committed to
7 bringing 1500 technology jobs. That is
8 critically important to the economy of
9 Buffalo and Western New York.

10 But to make that investment have the
11 multiplier effect that it is expected to
12 have -- it is expected that that investment
13 will have a five-to-one multiplier effect on
14 the Buffalo and Western New York economy --
15 we need to make the necessary infrastructure
16 investments.

17 SENATOR KENNEDY: Thank you, Mayor.
18 That's very exciting news.

19 Can you speak to that business climate
20 and the businesses that are coming in, in
21 large part due to the momentum that's been
22 created. But there have been initiatives
23 that we have worked with you and your
24 administration on, from a state government

1 perspective, that I'd like you to touch on,
2 if you could, please -- the impact that the
3 START-UP NY initiative has had on our
4 community, as well as 43North, and how that
5 translates into job creation and
6 sustainability for our economy.

7 MAYOR BROWN: The business climate is
8 very positive now in Buffalo and Erie County.
9 In fact, since 2012, we have seen over
10 \$7.3 billion of economic development
11 investment in the city. START-UP NY has been
12 an important program that has attracted
13 strong new businesses to the city that are
14 providing jobs for the residents of our
15 community.

16 43North, another state initiative, the
17 largest business plan, business idea
18 competition in the world, is physically
19 located in the City of Buffalo, has attracted
20 cutting-edge companies from across the nation
21 and internationally to Buffalo that now
22 provide employment for over 400 people in our
23 community.

24 So the climate is good, the investment

1 confidence in Buffalo is strong, and we need
2 the continued partnership with the State of
3 New York to continue the positive investment
4 trends and confidence that we're seeing in
5 the City of Buffalo.

6 SENATOR KENNEDY: Thank you, Mayor.

7 CHAIRWOMAN KRUEGER: Thank you.

8 Before I turn it over to the Assembly,
9 just to point out when you were first making
10 your introductory comments, you said that you
11 were recognizing Assemblymember Barclay. But
12 much to, I think, Assemblymember Barclay's
13 surprise, and Assemblymember Ra's surprise,
14 he became the minority leader, and
15 Assemblymember Ra has joined us as the ranker
16 for the Assembly finance staff.

17 MAYOR BROWN: Did I identify the wrong
18 name?

19 CHAIRWOMAN KRUEGER: You did. But,
20 you know, I've called you Senator Brown
21 several times since we served together in the
22 Senate once upon a time. It happens.

23 MAYOR BROWN: And, Senator Krueger,
24 you were always able to correct me back then

1 as well.

2 (Laughter.)

3 MAYOR BROWN: Senator Ra, I
4 apologize -- I mean, Assemblymember Ra, I
5 apologize.

6 CHAIRWOMAN KRUEGER: Don't let him be
7 a Senator, he can stay in the Assembly.

8 ASSEMBLYMAN RA: No worries,
9 Mr. Mayor.

10 (Laughter.)

11 CHAIRWOMAN WEINSTEIN: So now we go to
12 Assemblyman Thiele for questions.

13 ASSEMBLYMAN THIELE: {Mic off.} Good
14 afternoon, Mr. Mayor.

15 MAYOR BROWN: Good afternoon.

16 ASSEMBLYMAN THIELE: I'm going to go
17 back --

18 MAYOR BROWN: He's saying your mic
19 isn't on.

20 ASSEMBLYMAN THIELE: Oh, okay.
21 Better.

22 -- the issue with AIM and the sales
23 tax funding and all of that. And I think I
24 understand, you know, the concept. You

1 weren't one of the municipalities that were
2 affected by the AIM cut at all, but you've
3 been flat for a long time since that cut.

4 MAYOR BROWN: And affected based on
5 how the state --

6 ASSEMBLYMAN THIELE: Well, that's what
7 I wanted to get to.

8 MAYOR BROWN: Okay.

9 ASSEMBLYMAN THIELE: And that is
10 this -- you know, it's my position really,
11 last year and this year, that the state
12 should be paying for the AIM program, it
13 shouldn't be intercepting local government
14 sales tax revenue to pay for that. Which is
15 what we did with regard to \$59 million of AIM
16 funding last year.

17 And it was kind of linked together
18 with the internet sales tax that you
19 mentioned. Although, if you read the
20 language, it really just talks about sales
21 tax, period.

22 So it's in that context that I ask
23 really kind of the separate question, and
24 that is from the perspective of the City of

1 Buffalo, do you have any idea of the changes
2 that we made with regard to the internet
3 sales tax in general, what kind of impact
4 that had on increasing revenue? Is it
5 possible to tell?

6 COMMISSIONER ESTRICH: It has just --
7 it's just recently taken, about six months
8 now, six or seven months, and we are looking
9 at approximately a 3 percent increase over
10 last year on our sales tax.

11 ASSEMBLYMAN THIELE: So you feel the
12 internet at this point at least initially --

13 COMMISSIONER ESTRICH: They don't
14 identify the source of it.

15 ASSEMBLYMAN THIELE: So all you can
16 say is that you've had an increase of 3
17 percent in sales tax revenue, but you don't
18 know -- it could be improving economic
19 factors, it could --

20 COMMISSIONER ESTRICH: It could be a
21 combination of factors.

22 ASSEMBLYMAN THIELE: You don't know,
23 basically --

24 COMMISSIONER ESTRICH: Correct.

1 ASSEMBLYMAN THIELE: -- but you see an
2 overall 3 percent --

3 COMMISSIONER ESTRICH: Yes.

4 ASSEMBLYMAN THIELE: Thank you.

5 MAYOR BROWN: Thank you.

6 CHAIRWOMAN WEINSTEIN: Thank you.

7 Senate.

8 CHAIRWOMAN KRUEGER: Thank you.

9 Senator Jackson.

10 SENATOR JACKSON: Hello. Thank you,
11 Madam Chair.

12 So good afternoon, Mayor Brown.

13 MAYOR BROWN: Good afternoon, Senator
14 Jackson.

15 SENATOR JACKSON: And to your finance
16 director, good afternoon.

17 So I just have a couple of questions
18 for you. I had asked the previous mayor,
19 from Syracuse, about the impact that the
20 proposed Medicaid cuts is going to have, and
21 he indicated that that's -- the county takes
22 care of that. But I asked him very
23 specifically, and I'm asking you, with your
24 residents of Buffalo, how many people are on

1 Medicaid and what type of impact is that
2 going to have on the City of Buffalo?

3 MAYOR BROWN: So in Buffalo, like
4 other upstate municipalities, there is a high
5 number -- there is a high number of people
6 that are on Medicaid. Exactly the number, I
7 am not sure.

8 I know that, like Syracuse, we are --
9 the City of Buffalo is located within a
10 county. Our county is Erie County. Our
11 county executive, Mark Poloncarz, has been
12 talking about the impacts of Medicaid on
13 Erie County. Certainly anything that has a
14 fiscal impact on the county will have a
15 fiscal impact on Buffalo, which is the
16 largest municipality in Erie County and
17 probably now one of the fastest-growing, from
18 an economic development perspective. And
19 while we're pleased with our growth, we can
20 ill afford to lose any revenue or have any
21 revenue sources or any funding sources
22 impacted in our city.

23 So there will be an impact. Exactly
24 what that impact is going to be on the

1 county, I am not sure. I know that the
2 county funds a number of initiatives in the
3 city, and those could lose funding depending
4 on what these impacts look like.

5 SENATOR JACKSON: Okay. Just -- I'm
6 asking you, as the mayor, to have your
7 staff -- to know what the impact is going to
8 be, how many residents receive Medicaid and,
9 if it's X amount of dollars, the impact it
10 would have on nursing homes and other
11 hospitals or groups that deal with Medicaid
12 and Medicaid patients. That's important
13 overall, I think.

14 And so when the MRT No. 2 commission
15 comes together, in my opinion the mayors
16 should be saying what type of impacts they're
17 going to have on them, in order to make sure
18 that hopefully there be no impact to
19 municipalities and layoff of employees.

20 MAYOR BROWN: So, Senator, not fully
21 calculated yet, even by our county
22 government. We're in very close
23 communication with county government. And I
24 know that county government is in

1 communication with the Budget Office, trying
2 to determine what the impacts are going to be
3 on county government. But I don't think
4 that's fully determined at this point. And
5 hopefully some of those impacts in this
6 process can be offset.

7 SENATOR JACKSON: Sure.

8 I would urge you to press your county
9 people to give you the numbers, that impact
10 it's going to have on Buffalo, the City of
11 Buffalo.

12 Let me just switch, if you don't mind.
13 Can you tell me about how the Northland
14 Training Facility is going, how is it
15 working? And give me a status update, if you
16 don't mind.

17 MAYOR BROWN: The Northland Workforce
18 Training Center has been a great partnership
19 between the State of New York and the City of
20 Buffalo. The Governor's office and ESD have
21 worked very closely with my office and our
22 economic development agency, the Buffalo
23 Urban Development Corporation, to build out
24 the \$65 million training center and then

1 invest in facilities in that immediate
2 community.

3 The total investment now exceeds over
4 \$120 million. And working with the state,
5 the city managed the construction,
6 development and buildout of that facility.
7 There are roughly between 300 and 350 slots
8 for people to receive training at the
9 Workforce Training Center --

10 SENATOR JACKSON: Are those for
11 residents of the City of Buffalo or the
12 surrounding areas or what?

13 MAYOR BROWN: It is for residents of
14 the City of Buffalo and the surrounding
15 Western New York region.

16 In the first couple of classes, the
17 enrollment of residents in the City of
18 Buffalo and the surrounding community --
19 which is located on the East Side of Buffalo
20 and roughly about 81 percent African-American
21 demographically -- there was a very high
22 percentage of city enrollment and surrounding
23 resident enrollment, exceeding about
24 70 percent. The programs are becoming

1 incredibly popular. And in the third class
2 of enrollment, the city population enrollment
3 and surrounding community enrollment has
4 dropped to about 50 percent.

5 SENATOR JACKSON: I want to talk about
6 education right now. With respect to -- if
7 you're not aware, you know, Michael Rebell,
8 the same attorney that filed the CFE, filed
9 another lawsuit in February 2014, and it's
10 going to trial in New York City under Supreme
11 Court Justice Lucy Billings. And that's the
12 New Yorkers for Students Educational Rights
13 versus State of New York.

14 I ask you, as the second-largest city
15 in New York State, to be involved with that,
16 to give Michael Rebell a presence in the
17 courtroom. Because he's not only suing for
18 the children of New York City, he's suing for
19 the children of New York State, all of the
20 children. And Buffalo has a vested interest
21 in that. Just like I said to the mayor of
22 Syracuse, he should be involved in that, to
23 give the type of moral support that is needed
24 so that we can make sure that all of our

1 children receive a good education. And
2 that's extremely important.

3 So I ask you to be in contact with
4 Michael Rebell and New Yorkers for Students'
5 Educational Rights versus the State of
6 New York.

7 And then I wanted to ask you --

8 MAYOR BROWN: If I just could, Senator
9 Jackson --

10 SENATOR JACKSON: Go ahead, please.

11 MAYOR BROWN: -- I want to thank you,
12 because I know that you have long been an
13 advocate and a champion for the fiscal needs
14 of children in the State of New York, all
15 children in the State of New York, in terms
16 of getting a sound, basic education --

17 SENATOR JACKSON: That's a minimum
18 standard.

19 MAYOR BROWN: Yes, sir.

20 -- and in particular the urban
21 districts.

22 SENATOR JACKSON: So can you tell me
23 about what's happening with your city as far
24 as the Census, getting ready for the Census?

1 Because every New Yorker, no matter if you're
2 documented, you're a citizen, or
3 undocumented, everyone needs to be counted.
4 Can you give me an update on what's happening
5 in the City of Buffalo?

6 MAYOR BROWN: Very involved in that
7 process. In fact, I was appointed to the
8 statewide Complete Count Commission by Senate
9 Majority Leader Andrea Stewart-Cousins, was
10 very active and participatory in that
11 process. The City of Buffalo has established
12 its own Buffalo Counts census commission.
13 The County of Erie has its own census
14 committee. The two committees in our region
15 have been working extremely closely together.

16 A few years ago I created the Office
17 of New Americans in the City of Buffalo, and
18 we have a woman who is an immigration
19 attorney, Jessica Lazarin, who not only is
20 the director of our Buffalo Counts census
21 committee, but she is also the chair of the
22 joint committee -- the cochair of the joint
23 committee between the city and the county.

24 SENATOR JACKSON: I know that the City

1 of Buffalo depends a lot on the State of New
2 York and, quite frankly, can't blame you.
3 But I read here in your testimony the City of
4 Buffalo, along with 37 other cities, as far
5 as the arterial maintenance of the roads and
6 that you're not getting the cost -- you're
7 not getting reimbursed for the cost that it
8 actually costs. And the Governor vetoed some
9 stuff.

10 So could you just say, Listen, we're
11 so in need that we don't want to continue to
12 do this because you're not paying what it
13 actually costs? Could you do that? And if
14 you don't want to do that, tell me how
15 employees from Buffalo are being employed in
16 order to do the roads.

17 MAYOR BROWN: We have a public works
18 department that has dozens of people working
19 on road repair. We thank the Senate and the
20 Assembly -- Senator Kennedy was the sponsor
21 of that legislation to make sure
22 municipalities that were maintaining roads
23 for the State of New York were getting a fair
24 payment and not providing that work at a

1 loss.

2 As you know, Senator Jackson, in the
3 Governor's budget message -- the Governor's
4 veto message, the Governor indicated that
5 this should be taken up during the budget
6 negotiations, and that's why we are appealing
7 to the members of the Senate and the Assembly
8 to make sure that those municipalities that
9 are performing this work are suitably
10 compensated for the arterial maintenance that
11 we do for the State of New York.

12 CHAIRWOMAN KRUEGER: I'm going to have
13 to cut you both. It's interesting that this
14 is --

15 SENATOR JACKSON: Thank you, Madam
16 Chair.

17 CHAIRWOMAN KRUEGER: Thank you.
18 Assembly?

19 CHAIRWOMAN WEINSTEIN: We don't have
20 any questions, but we have been joined by
21 Assemblyman Pretlow and Assemblyman Otis.

22 I think we are -- thank you, Mayor.

23 CHAIRWOMAN KRUEGER: Thank you, Mayor.

24 MAYOR BROWN: Thank you all.

1 CHAIRWOMAN KRUEGER: Appreciate it.

2 CHAIRWOMAN WEINSTEIN: Next we have
3 the mayor of the City of Rochester.
4 Honorable Lovely Warren, mayor.

5 Please begin.

6 MAYOR WARREN: Good afternoon. I am
7 Mayor Lovely Warren, joined here by my budget
8 director, Chris Wagner, as well as our
9 corporation counsel, Tim Curtin.

10 Thank you, Chairwoman Krueger and
11 Chairwoman Weinstein, members of the Ways and
12 Means and Finance Committees, other members
13 of the Senate and Assembly. Thank you for
14 the opportunity to address this panel on
15 behalf of the residents of the City of
16 Rochester.

17 Rochester continues to succeed. Our
18 economy is growing, with new jobs and low
19 unemployment. Our streets are safer, with
20 crime at historic lows. And our families are
21 stronger, due to the availability of more
22 affordable housing, pre-K education, and job
23 training.

24 Our city is home to one of the hottest

1 real estate markets in the country, and
2 Rochester was recently named the top city in
3 the nation for potential future high-tech job
4 growth. In partnership with Governor Cuomo,
5 we have completed or will have under
6 construction eight Roc the Riverway projects
7 this year, including renovations to our
8 Blue Cross Arena and the creation of the new
9 Erie Harbor Promenade in Roc City Skate Park.
10 And with your and the Governor's support, we
11 are looking forward to building upon this
12 success with the second phase of Roc the
13 Riverway.

14 Rochester is prospering, and our
15 growth is real. However, we cannot succeed
16 alone. We need a partner in you, our state
17 government, to address the challenges we face
18 in meeting these goals. And it is in that
19 spirit of partnership that I come before you
20 today to share how you can, and I daresay
21 must, act to address the issues facing
22 Rochester.

23 Our city faces a 40.5 million
24 all-funds gap that threatens our continued

1 success and ultimately the well-being of our
2 families. This all-funds gap is nearly
3 \$5 million greater than in 2018. Sadly, this
4 increase would have been more than mitigated
5 by the progressive solutions I shared with
6 this honorable body last year -- but these
7 solutions have not been addressed.

8 I share these same proposals with you
9 today in the hopes that you will agree that
10 it is time for bold action, especially since
11 it would not cost the state any money. I'm
12 asking that you modernize the policies
13 regarding the gross receipts tax, or GRT, on
14 energy service companies and mobile phones.
15 We must pass legislation that makes it clear
16 that ESCOs have to pay the GRT. We cannot
17 allow some companies to continue to ignore
18 the law at the expense of cities.

19 This must also include mobile phone
20 services like it does in New York City, and
21 not only landlines, a technology that has
22 largely faded in history. Upstate cities
23 deserve to be treated fairly when it comes to
24 this issue.

1 I'm also asking that the state
2 recognize that a one-size-fits-all approach
3 doesn't work when it comes to the rollout of
4 new technology. The proposed legislation
5 regarding small wireless facilities
6 deployment is a solution in search of a
7 problem.

8 Rochester is already seeing the
9 installation of these facilities under our
10 current telecommunications code. We've
11 instituted regulations protecting our
12 infrastructure and our ability to manage our
13 right-of-ways without depriving our residents
14 of access to enhance mobile networks. This
15 is happening organically, and the state
16 should not get in the middle of that growth.

17 We also need you to help us protect
18 our infrastructure, with the severe weather
19 we are experiencing due to climate change,
20 because climate change is affecting our
21 cities at rapid rates. Extreme Winter
22 Recovery funding is critical to cities such
23 as Rochester. We currently hold the title
24 this year for the Snowiest City in the United

1 States of America. The \$500,000 of EWR
2 funding is important to keep our roads and
3 bridges in the best possible condition.

4 While our infrastructure is important,
5 no resource is more critical to Rochester
6 than our people. Unfortunately, far too many
7 of our residents have suffered under the
8 criminalization of marijuana. It is time
9 that New York joins our sister states in
10 making history by ending the disproportionate
11 prosecution and imprisonment of our citizens
12 by finally legalizing marijuana. In doing
13 so, New York should rectify the damage caused
14 to cities by this prohibition.

15 We are asking you to support Speaker
16 Heastie and Leader Stewart-Cousins in
17 adopting an approach that benefits those who
18 suffer most under criminalization. And those
19 communities are cities -- not just New York
20 City, but Rochester, Buffalo, Syracuse,
21 Albany and Yonkers. We should not be
22 excluded from any revenue that marijuana
23 sales provide to the state. Those dollars
24 should be reinvested in the cities most

1 impacted to help us lift our residents out of
2 poverty.

3 We recommend that the marijuana sales
4 be connected to the retail sales tax, which
5 would generate an estimated \$1.2 to
6 \$2.4 million annually for the City of
7 Rochester.

8 And if we're going to address
9 inequality and ensure that Rochester can
10 continue to lift our families out of poverty,
11 we must address the fundamental unfairness of
12 AIM funding. Simply put, the current AIM
13 formula makes Rochesterians second-class
14 citizens in New York State.

15 Rochester per capita only receives
16 85 percent of the AIM aid received by
17 Syracuse and 68 percent of the AIM aid
18 received by Buffalo. Adding insult to
19 injury, Rochester is forced to pay more in
20 maintenance of effort funding for our failing
21 school district than we receive in AIM aid.
22 We are required to pay \$119.1 million in
23 maintenance of effort funding to the
24 Rochester City School District, yet we only

1 receive \$88.2 million in AIM aid from the
2 state each year, a nearly \$31 million gap.

3 A change in this formula would help us
4 address three-quarters of our city's
5 all-funds gap and provide property tax
6 stability for our families, many of whom are
7 already struggling to make ends meet.

8 It is imperative that you all
9 understand that you also have an obligation
10 to help us help the children of our city.
11 This matter cannot continue to be ignored.
12 Currently in this year's 2019-2020 budget our
13 city school district has a \$35 million budget
14 gap, and in the 2018-2019 budget they
15 overspent by \$27 million, wiping out their
16 entire fund balance.

17 The school year is almost over, and we
18 still have no indication of how this year's
19 budget will be balanced. This is in clear
20 violation of Section 2576 of the State
21 Education Law.

22 On December 9, 2019, the State
23 Education Department instructed the board of
24 education to balance its '19-'20 budget. And

1 as of today, the board has failed to do so.
2 Today our district is spending money that it
3 does not have. And because of the antiquated
4 system that the Big 5 districts operate
5 under, the City of Rochester is held
6 responsible for the clear and constant
7 mismanagement of the city school district's
8 funds. It is not fair to the residents of
9 our city, our City Council, nor to me as the
10 mayor -- who have worked hard to maintain and
11 build our bond rating -- to be downgraded or
12 face negative credit watch because of the
13 city school district.

14 Clearly understand that the actions of
15 the RCSD leadership, or lack thereof,
16 severely threaten the financial viability of
17 both the city and our school district. If
18 this is not addressed, in the end it is our
19 taxpayers who will ultimately bear the brunt
20 of this failure.

21 But more importantly than the
22 financial harm caused by the RCSD is the
23 damage being done to the generation of
24 children currently enrolled in their schools.

1 They deserve a fighting chance at life.

2 I implore you to support the first
3 step toward a governance change proposed by
4 the Governor in his Executive Budget, by
5 installing a fiscal and academic monitor that
6 has veto power. We've already had a
7 Distinguished Educator, who stated that the
8 problem in Rochester is not one of money but
9 one of management. I do realize that we are
10 at a critical point that requires a
11 short-term infusion of funding. However,
12 that funding cannot be given without a clear
13 directive on governance change.

14 There's simply no alternative that
15 will restore credible leadership to the
16 district and ensure that Rochester's children
17 receive the education they deserve.

18 Thank you for taking the time to allow
19 me to share our challenges and our
20 opportunities facing our city. And I ask you
21 to continue to support our city and its
22 bright future by acting on the requests that
23 we have shared here today.

24 Thank you, and I'm able to take any

1 questions that you may have.

2 CHAIRWOMAN WEINSTEIN: Senate.

3 CHAIRWOMAN KRUEGER: Thank you very
4 much.

5 Before I turn it over to Senator
6 Jackson, I'm just curious {mic off}, what is
7 stopping you from -- oh, I'm sorry. I am
8 curious -- no? I am curious, what is
9 stopping this microphone from working?

10 (Laughter.)

11 CHAIRWOMAN KRUEGER: What is stopping
12 Rochester from resolving the problem between
13 the school district and the city? I guess
14 several years now you've testified about
15 that. Can you just explain to me so I
16 understand a little better what it is you
17 can't get them to do and that you need them
18 to do?

19 MAYOR WARREN: Senator, I've had six
20 different superintendents in six years as
21 mayor. And so the problem is that the
22 Rochester City School Board are not willing
23 to take the necessary steps, and we've had a
24 revolving door as it pertains to

1 superintendents. And each of those
2 superintendents has had a different direction
3 as it pertains to how to lead the school.

4 We currently just had a new
5 superintendent start in July of 2019, and he
6 seems to be -- he's walked into a situation
7 where they have overspent their budget by
8 \$27 million last year, and he's in the middle
9 of a crisis that he's trying to solve. I do
10 not blame him for what's going on right now,
11 but right now the City of Rochester is being
12 severely harmed by the lack of decisions that
13 the school board has made.

14 They are obligated under state law to
15 actually balance their budget. The State
16 Chancellor and Commissioner of Education sent
17 them a letter, and to this day they still
18 have not balanced their current '19-'20
19 budget. Every day that they fail to balance
20 that budget, it costs us money in the City of
21 Rochester, and it also causes our children
22 severe pain when it comes down to their
23 education.

24 CHAIRWOMAN KRUEGER: And am I correct

1 that your student population decreases each
2 year but you are not able to adjust your
3 education budget to reflect the shrinkage in
4 students?

5 MAYOR WARREN: Correct. Under the
6 maintenance of effort, the mandate that the
7 State of New York has put on the City of
8 Rochester, we are required to give our school
9 district \$119.1 million year after year,
10 regardless of how many students they actually
11 have enrolled in their program.

12 CHAIRWOMAN KRUEGER: And could you
13 give me just an estimate of how much your
14 student population has dropped in X years?

15 MAYOR WARREN: I believe that it has
16 dropped by 7,000 students in the last 14
17 years.

18 SENATOR JACKSON: What was the period
19 of time?

20 MAYOR WARREN: Last 14 years.

21 CHAIRWOMAN KRUEGER: Fourteen years.

22 Thank you. I'm now going to hand it
23 over to our chair, Senator Jackson.

24 SENATOR JACKSON: Thank you. Thank

1 you, Madam Chair.

2 Mayor, let me just say that when I
3 heard that the City of Rochester Department
4 of Education -- the Board of Education in the
5 City of Rochester had to lay off
6 100 employees, 90-something teachers in the
7 middle of the year, that was not good news at
8 all. And especially those individuals -- to
9 my understanding, the teachers were going to
10 be assigned, based on seniority, to other
11 locations, some as far as Buffalo -- I don't
12 know if there was actual layoffs. But that's
13 a devastating impact on families and
14 childcare that people have.

15 But the most devastating effect is on
16 the children of Rochester. And let me tell
17 you, I am not happy about that. And I hold
18 everyone responsible for making sure that
19 you'll right this ship. That needs to be
20 done. And to say that you must, regardless
21 of the number of students that you have --
22 \$119 million every year, well, you need to
23 look into somehow legally fighting that. I
24 mean, get your attorneys working, in my

1 opinion. And I don't know if they are; you
2 know better than me. I'm not sitting in your
3 chair where you sit in Rochester.

4 But I say when I went up there last
5 year, fighting for educational equity for the
6 children of Rochester and New York City and
7 Buffalo and Syracuse -- and I went to
8 Syracuse, and I spent the night up there.
9 And I read that Rochester, when you look at
10 it, is like the eighth-poorest school
11 district in the country. I'm saying this is
12 totally unacceptable by any standard.

13 And obviously when you talk about the
14 suburbs of Rochester, that's totally
15 different. But the city leaves a lot to be
16 desired as far as the type of education
17 that's being provided to students. And
18 something has to be done, and it has to be
19 done immediately. I say that to you and I
20 say that to your people that you have here
21 that -- either your finance and executives,
22 whoever has to be done.

23 Those children must receive a sound,
24 basic education. You may have been sitting

1 up there when I was asking Mayor Brown about
2 the number -- or whether or not he's involved
3 in the lawsuit that Michael Rebell has filed
4 not only on behalf of the children of
5 New York City, but on behalf of all of the
6 children in New York State. And if your city
7 is not involved with that, they should be.

8 I'm just being quite frank with you,
9 Mayor, and to your people that you have
10 there. You must be involved with that to
11 support Michael Rebell, because he's going
12 after the money that all of the children in
13 New York State are entitled to -- \$4 billion.

14 And when I was up there last year,
15 every student in Rochester was short about
16 \$2,950. So you take that times -- last year
17 you had how many, 26,000 students, I think?

18 MAYOR WARREN: Yes.

19 SENATOR JACKSON: That's a lot of
20 billions of dollars.

21 So please join with Michael Rebell and
22 New Yorkers for Students' Educational Rights
23 against the State of New York. That lawsuit
24 was filed in February 2014. And Michael

1 Rebell is not being paid anything, but he is
2 fighting for us.

3 And I've said that I'm the father of
4 all of the children in New York State, it
5 doesn't matter where. So I'm very upset at
6 the fact that the children of Rochester,
7 Syracuse, Long Island and other places -- and
8 Senator May, I mean Rachel -- Senator Mayer,
9 you know what it's about. And as the chair
10 of the Education Committee, we talk about it
11 all the time.

12 So tell me, what do you feel needs to
13 be done and why hasn't it been done?

14 MAYOR WARREN: Senator, in all due
15 respect, what I want for my daughter I want
16 for every child of the City of Rochester. I
17 want them to have a opportunity to live to
18 their fullest potential.

19 We had a Distinguished Educator that
20 came into Rochester through the State
21 Department of Education two years ago,
22 Dr. Jaime Aquino. He outlined several
23 recommendations as to what needs to happen in
24 the Rochester City School District. One of

1 the key recommendations of that was that the
2 problem in Rochester was not a problem of
3 funding, the problem in Rochester was a
4 problem of management and the mismanagement
5 of funds.

6 And I have been to this body several
7 times asking the New York State legislature
8 to actually enact changes that need to happen
9 in order for the children of Rochester to be
10 able to succeed. And that has to come with a
11 governance change. And I believe that with a
12 governance change and a way for the mayor to
13 have some impact on the educational system,
14 we will be able to improve our city school
15 district, working directly with the
16 superintendent of our schools.

17 If you look at that report, he has
18 several different recommendations, but one of
19 those recommendations of course -- many of
20 them have to do with how the district is
21 governed. And year after year, regardless of
22 how much money the state has given to our
23 district, the failure to actually submit a
24 balanced budget, the failure this year to

1 bring their budget into balance, the audacity
2 to overspend our budget by \$27 million and
3 not have a plan to actually recover those
4 dollars on behalf of the children -- I agree
5 with you. At the end of the day, the
6 children are the ones that suffer.

7 And had we acted last year when we
8 came here and asked for the same thing, then
9 we would have a path forward. But today I
10 still don't have a path forward for my
11 district and for the children of my city that
12 I can go back and tell them as to what is
13 going to happen with the Board of Education.

14 SENATOR JACKSON: What's happening
15 with your elected officials that represent
16 Rochester? Your State Assemblymembers, your
17 State Senators and what have you and so
18 forth. Are they working with you to make the
19 change?

20 MAYOR WARREN: They are all in
21 disagreement on what needs to happen to
22 actually move our community forward. Some of
23 them agree, some of them disagree with the
24 path that we believe needs to happen on

1 behalf of children.

2 SENATOR JACKSON: Mayor, you're the
3 mayor of Rochester, one of the largest cities
4 in New York State. You were elected and you
5 have political clout there. Sometimes you
6 have to use your political clout in order to
7 make the changes that are necessary from an
8 electoral point of view.

9 And so I don't need to tell you how
10 that works, you should know how it works.
11 I'll tell you how it works in New York City:
12 If things are not running right, you have to
13 mount up a campaign and make the changes at
14 the ballot box if necessary.

15 MAYOR WARREN: I don't disagree with
16 you, Senator. I believe that change needs to
17 happen at the ballot box. Last year the City
18 Council, along with the mayor, went to --
19 wanted to put a referendum on the ballot to
20 ask our parents exactly what they wanted in
21 order as it pertains to governance. The
22 school district actually challenged that
23 referendum and it was removed from the
24 ballot. We appealed that decision and we

1 lost.

2 So we will do what is necessary in
3 order to make sure that our children get the
4 support that they need and the changes that
5 they need to ensure that they have a quality
6 education.

7 SENATOR JACKSON: Let me ask you
8 what's happening as far as your city as far
9 as making sure that every child and every
10 adult, no matter what their status is, is
11 counted.

12 MAYOR WARREN: So we are working
13 collectively with our country on the Census
14 2020. We have put in place a number of
15 different partnerships with our
16 community-based organizations to go door to
17 door to have those critical discussions,
18 especially we have a large immigrant
19 population as well as Puerto Rican population
20 in the City of Rochester, and we want to make
21 sure that people understand that we need
22 every vote to count.

23 And so we're working with all of our
24 community partners to get out and understand

1 that we need every person in our city to be
2 counted, and we are making sure that even the
3 babies are counted as well.

4 SENATOR JACKSON: Mayor Warren, let me
5 ask you about the Medicaid cuts. And you
6 heard me ask Byron Brown, the mayor of
7 Buffalo, how many residents of your city are
8 on Medicaid and what type of impact is that
9 going to have on your city, even though the
10 county is dealing with that? In my opinion,
11 you should know how many residents in your
12 city are receiving Medicaid and what type of
13 impact it's going to have. Can you --

14 MAYOR WARREN: I don't have a number
15 for you today, but I can tell you that I have
16 been in discussion with our county executive,
17 Adam Bello, about what's happening around
18 Medicaid and what the impact will be on the
19 City of Rochester and its residents. And
20 we're working collectively together as a team
21 to advocate for resources as well as not to
22 have the impact be borne by the residents of
23 our county.

24 SENATOR JACKSON: What is the average

1 salary of the citizens of the City of
2 Rochester? Family.

3 MAYOR WARREN: I don't have that
4 number, and I don't want to give you an
5 inaccurate number, but I'll make sure that
6 I --

7 SENATOR JACKSON: Think it's \$40,000 a
8 year, 50,000, 70,000, 80,000 or less?

9 MAYOR WARREN: So for the City of
10 Rochester, it is significantly less. If you
11 do it based on MSA, which means that -- based
12 on the Census, then it would be about 40,000
13 in our metropolitan area. But for the City
14 of Rochester, it is significantly less.

15 SENATOR JACKSON: Thank you.

16 Thank you, Madam Chairs.

17 CHAIRWOMAN WEINSTEIN: Thank you.

18 CHAIRWOMAN KRUEGER: Anyone else?

19 CHAIRWOMAN WEINSTEIN: No.

20 CHAIRWOMAN KRUEGER: Then Senator John
21 Liu is next up.

22 SENATOR LIU: Thank you, Madam Chair.

23 And thank you, Madam Mayor, for
24 joining us.

1 I just have -- I just wanted to get a
2 little bit of a better understanding about
3 what's happening with the school district,
4 because in your testimony you said that the
5 school district is spending money it does not
6 have.

7 MAYOR WARREN: Correct.

8 SENATOR LIU: But somebody's got to be
9 paying the bills. So is it the city, is it
10 through the city treasury that you govern
11 where those bills have to be paid?

12 MAYOR WARREN: Yes. The City of
13 Rochester, the city school district is a
14 dependent district, and we have been covering
15 the district's costs at this point in time
16 because it is the full faith and credit of
17 the city that's at stake.

18 Moody's has downgraded the City of
19 Rochester because of the actions of the city
20 school district, and we are currently under
21 review by S&P. If we stop paying the bills,
22 it is the full faith and credit of the city
23 that is liable for the expenses. And so that
24 is not a realistic option for us to do at

1 this point in time.

2 SENATOR LIU: So you said that a year
3 or two ago they wiped out their -- the school
4 district wiped out their fund balance.

5 MAYOR WARREN: We found out in
6 September of 2019 that the 2018-'19 budget
7 was overspent by \$27 million and that
8 overspend also included the wipeout of
9 whatever fund balance that they had. And I
10 can let my budget director get into more
11 details, because he's been working with the
12 school district's --

13 SENATOR LIU: No, it's okay. It's not
14 so much the funding or the finances that's
15 the concern here, right? You have a problem
16 where the school district, which is
17 presumably elected by the people -- right?
18 Are they appointed or are they elected?

19 MAYOR WARREN: They are elected.

20 SENATOR LIU: So they're elected by
21 the people. They hire teachers and
22 principals, they set the policy for the local
23 schools in Rochester?

24 MAYOR WARREN: Correct.

1 SENATOR LIU: And yet the City of
2 New York -- I mean, the City of Rochester is
3 on the hook for paying the school district's
4 bills.

5 MAYOR WARREN: Correct.

6 SENATOR LIU: And the city is
7 represented by you as well as the Rochester
8 Councilmembers.

9 MAYOR WARREN: Yes.

10 SENATOR LIU: Who are all separately
11 elected.

12 MAYOR WARREN: Yes.

13 SENATOR LIU: This is a system where
14 there's just -- there's truly no
15 accountability. Which is I think why you
16 said that -- later in your testimony you say
17 that Rochester School District needs a
18 short-term infusion, but that funding cannot
19 be given without a clear directive on
20 governance change.

21 MAYOR WARREN: Absolutely.

22 SENATOR LIU: Is the Governor, through
23 his proposed budget, proposing some kind of
24 governance change for Rochester?

1 MAYOR WARREN: What the Governor is
2 proposing in his budget is a fiscal monitor
3 as well as an academic monitor with veto
4 power for a year. And it is our
5 understanding in that year we would work with
6 our governmental partners to figure out what
7 should be the next step as it pertains to the
8 Rochester City School District and
9 governance.

10 SENATOR LIU: Is there any way for
11 that monitor to recommend a governance
12 change?

13 MAYOR WARREN: Yes. That would be
14 part of what that monitor would be doing in
15 the next year. And the monitor would also
16 have veto power over the board.

17 SENATOR LIU: Do you think the mayor
18 should have more control or less control over
19 the Rochester School District?

20 MAYOR WARREN: I think that all
21 options should be on the table.

22 SENATOR LIU: Okay. Thank you.
23 Thank you, Madam Chair.

24 CHAIRWOMAN KRUEGER: Thank you.

1 (Off the record.)

2 CHAIRWOMAN WEINSTEIN: So thank you
3 for being here, and next we have the
4 Honorable Mike Spano, mayor of the City of
5 Yonkers.

6 MAYOR SPANO: I'm joined with John
7 Jacobson and also with John Liszewski, budget
8 director and finance commissioner for the
9 City of Yonkers.

10 Good afternoon, Chairwoman Krueger and
11 Chairwoman Weinstein, Assemblyman Pretlow,
12 Assemblywoman Shelley Mayer {sic}, along with
13 the other members of the house here --

14 SENATOR LIU: Senator.

15 MAYOR SPANO: -- and the Senate.

16 Did I say Assembly? Sorry. Sorry,
17 Senator Mayer.

18 And I know that Assemblyman Nader
19 Sayegh is listening; if not, he'll be here
20 soon. And certainly the leader has
21 responsibilities, and I appreciate the time
22 that Senator Andrea Stewart-Cousins has
23 provided me to brief her on this prior to
24 today's sitdown.

1 SENATOR JACKSON: Mayor, can you pull
2 your mic up, please?

3 MAYOR SPANO: Sure.

4 I sit here before you today for the
5 ninth time, starting my third term as mayor
6 of the City of Yonkers -- kind of feel like
7 I'm in that movie Groundhog Day. Reflecting
8 on my time as mayor, I can say with little
9 hesitation that my testimony today will not
10 change much from as it's been over last
11 couple of years.

12 Over the last eight years, Yonkers has
13 had some pretty great growth going on,
14 revitalization. The city has been gaining
15 jobs rather than losing them. We're hitting
16 our lowest unemployment rate that we've seen
17 in the past 20 years. We have about
18 \$3.5 billion in economic development that has
19 resulted in thousands of permanent jobs. And
20 with the help of our great Governor, you in
21 the State Legislature, we've improved the
22 fiscal outlook of our city, and today
23 Yonkers' bond ratings are the highest they've
24 been in a generation.

1 And once again, graduation rates are
2 up. Our graduation rates have just exceeded
3 88 percent, and we are now leading New York's
4 Big 5 cities. The crime rate is the lowest
5 it's been in recorded history. And people
6 are starting to change their view of the City
7 of Yonkers.

8 Despite these successes, we've had
9 some severe needs that can no longer be
10 handled by the Yonkers taxpayers. Over the
11 years you've heard me speak of the staggering
12 deficiencies that Yonkers Public Schools
13 still face due to necessary cuts in services.
14 In fact, you will hear tomorrow from our
15 superintendent, who will outline a
16 \$46.7 million budget shortfall that Yonkers
17 faces in this year's budget. And from
18 guidance counselors to art and music, to the
19 threat of the elimination of full-day pre-K,
20 we are deficient with the current resources
21 that are provided to the city.

22 The current dependency on New York
23 State funding fails to address vital
24 recurring revenue. And the reasons why

1 Yonkers Public Schools have been able to
2 succeed in certain areas is because of our
3 annual pleas and the reliance on the
4 one-shots that have been provided to us.

5 We were grateful last year to receive
6 an injection of about 12.6 million in our
7 school budget, thanks to the hard work of the
8 Majority Leader and of course the members of
9 the Senate and the Assembly.

10 But unfortunately the proposed
11 Executive Budget cut this funding moving
12 forward, so our students are already going
13 into this year's budget with a \$12.6 million
14 budget shortfall. In the absence of fully
15 funding our schools, we are left coming back
16 here again each and every year to ask for
17 additional funding to help with our funding
18 deficits.

19 Yonkers taxpayers cannot afford to
20 fund this problem alone. You know that;
21 we've talked about that. And Yonkers remains
22 the only city to continually increase its
23 local aid to education. In fact, since I've
24 been mayor, the maintenance of effort has

1 increased 18 percent -- 18 percent --
2 annually, and 68 percent cumulatively, even
3 increasing by 12 million last year.

4 Each year, the city funds the debt and
5 the district keeps the building, textbooks,
6 software and library reimbursements.
7 Additionally, transfer amounts include
8 approximately \$10 million in what we call the
9 Intermunicipal Agreement merged departments
10 that we did a few years ago that has provided
11 \$10 million in savings to the district,
12 \$5 million in workers' compensation costs,
13 \$8 million in tax certiorari costs, and a
14 half a million dollars in utility costs.

15 This means -- and this question has
16 been important to many of you -- that the
17 city's contribution from the local taxpayer
18 towards education for the fourth-largest
19 school district in New York is 71 percent.

20 So I come here today to let you know
21 Yonkers has reached its full fiscal capacity
22 and our taxpayers have exhausted their
23 ability to foot the bill.

24 A viable option to provide alternate

1 means of funding for our schools is closer
2 than you think. New York is a leader in the
3 gaming industry worldwide, and Yonkers is
4 home to one of the most prominent gaming and
5 entertainment destinations in the tristate
6 area, MGM Resorts' Empire City Casino. With
7 an annual payroll of over \$45 million and
8 nearly 1200 employees, Empire City is
9 critical to the economic growth of Yonkers
10 and, frankly, New York State as a whole.

11 This legislative session I will
12 continue to advocate for the extension of
13 full gaming to Yonkers' MGM Empire City
14 Casino. Each year, New Yorkers statewide
15 directly benefit from more -- think about it,
16 more than \$300 million coming from Yonkers to
17 help generate for education. And despite
18 having a limited gaming license and
19 functioning in a very restricted regulatory
20 environment, we still are able to make that
21 significant investment in New York -- over
22 \$2 billion since that casino has opened.

23 Competition is intensifying, as you
24 know, as neighboring states aggressively

1 pursue new casinos and gaming opportunities
2 that threaten New York's casino revenues and
3 of course those jobs. Surrounding cities
4 have expanded or plan to expand full gaming.

5 We've already seen the effects of the
6 absence of full gaming in Yonkers.

7 New Jersey, which is just a short ride from
8 Yonkers, can identify 44 percent of its
9 mobile bets are made within two miles of the
10 state's border. Now, it could be
11 Pennsylvania, but we know a significant part
12 of that is from the tristate region of
13 Yonkers and New York, with as much as
14 25 percent of its betting coming from
15 New Yorkers crossing the border. So we are
16 willingly sending good viable education
17 dollars across the river when it can easily
18 be collected right in Yonkers.

19 With 8 million people a year visiting
20 that casino, that casino has proven it can
21 compete and draw tourists and gaming dollars
22 to the facility. You can imagine what kind
23 of revenue we would see if we were given that
24 opportunity.

1 Should full gaming not be viable in
2 the immediate future, then I just ask that
3 you consider granting Yonkers the sports
4 betting. Last year New Jersey hit
5 \$300 million in sports betting revenues. And
6 in the six months New York has allowed sports
7 betting, the four upstate casinos brought in
8 a mere \$7.8 million. Bring Yonkers into the
9 mix with an enhancement in the local share to
10 offset school funding, and I know it's a sure
11 bet.

12 Rebuild our schools. You know, we've
13 talked about that over and over again. We
14 have some \$2 billion in infrastructure needs.
15 You've rebuilt Buffalo schools, you're
16 rebuilding Rochester and Syracuse, you've
17 given us the ability to start to rebuild in
18 Yonkers, you've made the double MCA available
19 for the building of three new schools, and
20 that is a significant help. But it won't --
21 considering we are 4500 seats shy of where we
22 need to be, Yonkers needs additional help in
23 order to be able to bring those schools to
24 reality.

1 The city's contribution for the
2 building of those schools is unaffordable for
3 the taxpayers of the City of Yonkers, and
4 that's why I'm asking for you to make
5 available to the city a block grant in the
6 amount of \$100 million to help offset local
7 share. If you can do that, then we could get
8 those schools built and we could start to put
9 our kids in an infrastructure that is not
10 falling down around them.

11 No legislation even comes close, you
12 know, to addressing the other schools that
13 need to be rebuilt -- we know that. Making
14 these repairs -- I won't get into all that,
15 because I know you want to ask me some
16 questions.

17 We've touched upon the needs of our
18 schools, but we also must not neglect the
19 costs of running the largest city in the
20 Hudson Valley. Despite the growing economy
21 and the stronger revenues, we estimate our
22 2021 budget shortfall to be about
23 \$40 million. That's on the municipal side.
24 We know that aside from the decrease that we

1 got in the spin-up that took place in 2011,
2 we have not seen an increase in AIM aid since
3 then.

4 And I know that you -- and I'll finish
5 up. I know that New York likes to brag about
6 the fact that you keep the budget at a growth
7 of 2 percent. And I get that. But remember,
8 part of that growth of that 2 percent is AIM
9 aid. Except that doesn't seem to come to the
10 municipalities.

11 So if that growth or some of those
12 dollars can be forthcoming, that would really
13 help offset this number. Frankly, if we had
14 gotten just the 2 percent growth every year
15 for the past several years since it was
16 stopped, we'd be well in excess of that
17 \$40 million.

18 You know, some of the unfunded
19 mandates -- you know what they are. You
20 know, they're things that we all support.
21 Bail reform -- we all supported it. But
22 we're still trying to come up with a number
23 that we can give to you as to what it has
24 cost our local communities.

1 So if you're -- if you want to give us
2 additional burdens to pay for, that's fine,
3 but give us the room, whether it be on the
4 tax cap or give us the room by making the
5 dollars available to us to help offset those
6 costs. If not, we're not going to be able to
7 do what we need to do to provide for a good
8 quality of life for the people that we all
9 represent and love.

10 With that, again, I want to say thank
11 you to each and every one of you for your
12 hard work, your dedication, for your patience
13 to sit here and have to listen to all of us
14 nag you for money. But at the end of the
15 day, I guess we all have our jobs to do.

16 And with that, I'll open it up for any
17 questions, and thank you.

18 CHAIRWOMAN WEINSTEIN: Thank you.

19 We go to Assemblyman Pretlow.

20 (Off-the-record mic problems.)

21 ASSEMBLYMAN PRETLOW: Thank you, Madam
22 Chairman.

23 And Mr. Mayor, welcome back. I guess
24 this is your second home after spending many

1 years here before you rose to the lofty
2 office of mayor of the great City of Yonkers.

3 No, I read through your testimony,
4 trying to read faster than you could speak.
5 That wasn't working well, but I tried to stay
6 ahead of you. And it seems that Yonkers is
7 doing extremely well, especially in the areas
8 of economic development -- there's over
9 \$3 billion of jobs. Is that shovels in the
10 ground now, or are those proposals?

11 MAYOR SPANO: No, that's \$3.5 billion
12 of shovels that are in the ground.

13 ASSEMBLYMAN PRETLOW: Shovels in the
14 ground. So that's ready to come to fruition.

15 And with that economic development,
16 sometimes cities have to sell some of their
17 assets to get to that in the way of PILOTs.
18 Are there many PILOTs involved with this new
19 construction?

20 MAYOR SPANO: You know, Assemblyman,
21 that's a very, very good question. Some of
22 the PILOTs are more generous than others.
23 some of the PILOTs that I have are PILOTs
24 that I inherited from previous

1 administrations. So they were promised
2 shovels in the ground that never really
3 happened until I got there, the economy
4 changed and such, and these jobs happened.

5 And so we -- there were greater tax
6 incentives that were offered earlier. Some
7 of the -- some of what we're seeing today is
8 actually pretty good in terms of what we
9 want. Like, for instance, Boyce Thompson was
10 a new development that came about when I was
11 here. They received a five-year PILOT
12 starting at 85 percent full taxation, and
13 pretty soon they'll be at full taxation.

14 ASSEMBLYMAN PRETLOW: That's a good
15 PILOT.

16 MAYOR SPANO: Yeah, so that's a good
17 one.

18 FedEx, when FedEx came to Tuckahoe
19 Road, they actually came in at full taxation.
20 So they didn't even want the benefits.

21 But it doesn't -- even though we've
22 had a 35 percent or so, as the numbers have
23 been told to me, increase, you know,
24 remember, our labor costs are so high, our

1 cost of living is so high. When Yonkers --
2 when I got here, we were seven years or so on
3 the back end of contracts that were not
4 solved. So we had to go back seven years,
5 solve these contracts, and then give other
6 contracts. So it was -- it was a lot to
7 overcome.

8 We're getting there, and we've got
9 there with a lot of help and support from all
10 of you, but we have a lot more work to do.
11 And if the economy stays good, I think we can
12 continue to grow and prosper, and that will
13 be good. If the economy does a dip, that's
14 always my fear.

15 ASSEMBLYMAN PRETLOW: Everybody's fear
16 at this point.

17 The reason I asked is because you
18 mentioned that you're at or near your maximum
19 tax allowable, so the only way you can get
20 more revenue is to have more property to tax.
21 And if you're developing a vacant area and
22 then you don't get the tax revenue from that
23 for X years, that only hurts the city.

24 Education. You said Dr. Quezada will

1 be here tomorrow with the structural
2 \$47 million shortfall that Yonkers has
3 continued to have. Is there any plan,
4 incent, in a way to alleviate that?

5 I know we increased the Yonkers sales
6 tax by a quarter of 1 percent, and that's
7 raising approximately \$15 million additional
8 for education, so I know that's helping. And
9 I believe you are increasing the city's share
10 of education aid at a higher rate than any of
11 your predecessors. Is that true?

12 MAYOR SPANO: Yes, sir. You know,
13 we -- last year, while we did get that, we
14 got the regular increase, and we also
15 received a bullet of 12.6, we on the city
16 side were able to put and raise the
17 maintenance of effort by another \$12 million.
18 That was really unprecedented and probably
19 not something I can do today, much as I would
20 try to.

21 And let me tell you why. If we want
22 to stay within the tax cap, if we raise -- if
23 I want to raise the property taxes 1 percent,
24 well, I bring in 3.6 million. Right?

1 Three-point-six million, right? So if -- if
2 I want to raise aid to education \$12 million,
3 I've already broke the tax cap. I've
4 shattered it. So --

5 ASSEMBLYMAN PRETLOW: That's
6 6 percent, yeah.

7 MAYOR SPANO: So I couldn't.

8 So we have this issue now, because I
9 have the tax cap, it's very popular, and I
10 have a \$12 million start, at least us
11 starting behind the 8-ball. We have a school
12 district that already does not nearly have
13 enough guidance counselors. We don't have a
14 full sports program. We don't have music,
15 art and sports. And the infrastructure is
16 falling down around these kids' heads.

17 Yet our scores do well because we
18 have -- we have teachers and frankly we have
19 people, some of them sitting here, who are
20 committed to excellence, and they're making
21 it work. I mean, our graduation rate, at
22 88 percent, is more of a suburban number than
23 it is a city number.

24 But it's -- it's -- can't be

1 sustainable, in my opinion, if we don't have
2 some additional help.

3 CHAIRWOMAN WEINSTEIN: Thank you.

4 ASSEMBLYMAN PRETLOW: Thank you very
5 much.

6 CHAIRWOMAN WEINSTEIN: To the Senate.

7 CHAIRWOMAN KRUEGER: Thank you.

8 Senator Shelley Mayer.

9 SENATOR MAYER: Thank you, Mr. Mayor.
10 Great to see you back here. And I know my
11 colleagues Assemblyman Nader Sayegh and the
12 Majority Leader, if not here physically,
13 they're here in spirit.

14 I want to jump first on the issue of
15 gaming. And I appreciate you raising it in
16 your testimony today. Have you done any
17 financial analysis of what you think it would
18 mean for the City of Yonkers if MGM or
19 other -- if there is downstate full gaming
20 and MGM is allowed to have a license?

21 MAYOR SPANO: Well, we've had some
22 discussions with the vendor, and the vendor
23 has already talked to -- about a community
24 benefits package that would include an

1 additional \$10 million for the city. The
2 problem is we can't really have that
3 discussion about a community benefits package
4 until New York decides that they're going to
5 do full gaming.

6 But, you know, we have to remember why
7 we're here, why we got to this point of this
8 2023. It was the opinion of many people,
9 many of the experts, that said Yonkers is
10 going to work, it's guaranteed. But if we do
11 Yonkers first, we allow full gaming in
12 Yonkers, upstate may not be a guarantee. So
13 let's do upstate first and then do Yonkers.

14 I disagree with that notion. I think
15 that upstate will do fine all by itself --
16 they've started, they're built, they've got a
17 lead on us, we're okay -- but give Yonkers
18 the ability because -- for two reasons.

19 One, I think sports gaming, betting,
20 would come back to New York if you at least
21 gave it to the two casinos downstate.

22 The other thing is I'm worried that
23 sooner or later the legislature in New Jersey
24 is going to wake up and put a nice, you

1 know -- what do they call it, the American --
2 they built this huge facility in the swamps
3 in Jersey. Sooner or later they're going to
4 wake up and they'll put at minimum slot
5 machines there, but they may just put full
6 gaming there. And when they do that, that is
7 going to significantly hurt the revenues that
8 are coming to New York.

9 SENATOR MAYER: Yes, I think we have
10 agreed with you. But it's important to note
11 what you said, which is you believe that if
12 MGM gets full gaming, they would --
13 additionally to whatever they contribute to
14 the coffers of New York State -- would give
15 an additional \$10 million annually to the
16 City of Yonkers School District, thereby
17 helping us deal with the structural deficit.

18 And you believe you have that
19 commitment?

20 MAYOR SPANO: And, Senator, some of
21 the experts on the jobs are -- because right
22 now they're offering table games but they're
23 electronic table games. If their feeling
24 is -- and what we've been told is for every

1 table game they have, you actually hire six
2 people. So we would go from 1200 jobs to
3 well over 6,000 games at that facility. So
4 that would be a real -- you know, a real
5 boost for the people in the New York region.

6 SENATOR MAYER: On the issue of the
7 schools, we look forward to seeing
8 Dr. Quezada tomorrow.

9 And you mentioned the graduation rate.
10 You say in your testimony -- I just want to
11 be clear -- that the starting number is a
12 46.7 million operating budget shortfall for
13 the next fiscal year for the Yonkers Public
14 Schools.

15 MAYOR SPANO: Yeah, that's --
16 obviously, you know, that's taking into
17 account the 12.6 million that we are not
18 going to receive if we don't get recurring
19 bullet.

20 And then also the things that you guys
21 generally frown on -- which I don't mean that
22 disrespectfully, I mean that respectfully --
23 but, you know, the bond, the bonding of books
24 and some of the other things that we do that

1 the State Comptroller would like us not to
2 do, but we don't have an alternative. But to
3 do these type of fiscal gimmicks, for lack of
4 a better word.

5 And also the use of the fund balance.

6 SENATOR MAYER: Yes, I'm familiar with
7 that.

8 MAYOR SPANO: We used half the fund
9 balance last year. We're using the rest of
10 it -- how much is it? -- 12.5 million this
11 year.

12 So you take the bonding, the 12.5 --
13 the 12.6 shortfall, you take the using of the
14 fund balance. And we close the gap up, but
15 we will be in some serious trouble moving
16 forward.

17 SENATOR MAYER: I don't want to lose
18 my time, but one of my questions is you
19 mentioned that about 74 percent, I think you
20 said, of property taxpayers' tax goes towards
21 the school. How much of the taxable property
22 is not -- is tax-exempt in the City of
23 Yonkers, do you know?

24 MAYOR SPANO: That's a very good

1 question. (To aide.) Do you know the
2 answer?

3 SENATOR MAYER: If someone could get
4 back to me or --

5 MAYOR SPANO: Yeah, it's about a
6 third. I've heard that number. I've asked
7 the tax assessor that. It's pretty
8 significant.

9 I've even asked -- you know, some of
10 the other cities have been a little creative
11 where they've sent tax bills, they're not
12 mandatory tax bills, they've sent tax bills
13 to like some of their colleges -- I think
14 Syracuse University gives Syracuse a
15 million dollars a year.

16 We in Yonkers have Sarah Lawrence,
17 which is one of the most expensive colleges
18 in all of America. You know, we have
19 proposed but the council has rejected, you
20 know, doing a similar thing, asking for maybe
21 a voluntary payment of 10 percent of what
22 they would normally pay in property taxes.
23 We're going to go back to the city council
24 again on that, in the hopes that we can do

1 that.

2 If not, you know, there are other ways
3 to skin that cat by fees. But as we all
4 know, fees, taxes, they're all the same
5 thing, and we're met with the same type of
6 resistance.

7 SENATOR MAYER: Thank you --

8 CHAIRWOMAN KRUEGER: Shelley and the
9 mayor, I'm sorry, I have to cut you off.
10 Excuse me.

11 Senator John Liu was next.

12 SENATOR LIU: Thank you, Madam Chair.

13 I actually was going to ask, Mayor
14 Spano, about the school financing, but I
15 think our chairperson has -- Senator Shelley
16 Mayer has already asked great questions. And
17 I've gotta tell you, Mr. Mayor, you have no
18 bigger champion in the State Senate than
19 Shelley Mayer, along with our leader, Andrea
20 Stewart-Cousins. So they're doing their best
21 to get you the funding that you need.

22 My question has always been, is -- is
23 that -- do you still need that \$46.7 million
24 every single year, or indefinitely?

1 MAYOR SPANO: You know, it started
2 out, as Assemblyman Pretlow will tell you,
3 much higher eight years ago when I got here,
4 you know. But, Senator, this has been our
5 problem. Our problem is that the number is
6 too big for the local taxpayers to get rid
7 of. I mean --

8 SENATOR LIU: So it used to be bigger
9 but you have a plan to continue to --

10 MAYOR SPANO: Every year we knock it
11 down a bit. Our bond rating, as a result,
12 has gone up. We're A-rated for the first
13 time in 40 years.

14 It was -- so we -- but we can't
15 make -- when you're sitting at 94 percent of
16 your constitutional taxing limit, even if the
17 political will was -- at home was there to
18 raise taxes, cover the deficit and be done
19 with it, it's -- the revenue isn't there.

20 And that's why we come back year
21 after -- remember, 70 percent, 80 percent of
22 our kids live at or -- of our kids in the
23 school district live at or below the rate of
24 poverty. And so, you know, it's a -- pretty

1 unique, because we're in Westchester, but
2 it's very -- a very unaffordable district in
3 a lot of ways because of our cost of living
4 and the revenues that don't exist even if we
5 wanted to get them.

6 SENATOR LIU: So --

7 MAYOR SPANO: So we've done a --
8 Senator, if you don't mind, we've done other
9 things. Raised the sales tax. You know, we
10 have -- what else did we do. We -- income
11 tax. We have everything.

12 SENATOR LIU: By the way, Mr. Mayor,
13 you should consider yourself fortunate that
14 only 71 percent of your property taxes go
15 toward education. In your, you know,
16 neighbor to your south, they spent over a
17 hundred percent of property taxes on
18 education. Believe it or not.

19 MAYOR SPANO: Or New York City.

20 SENATOR LIU: The hundred million --

21 MAYOR SPANO: I'd rather be compared,
22 just so you know, to Rochester, Buffalo or
23 Syracuse.

24 (Laughter.)

1 SENATOR LIU: All right. The
2 \$100 million block grant, is that going to
3 take care of a lot of the problems? Or is it
4 just a \$100 million of capital this year?
5 because you said there's -- you have a need
6 of \$567 million.

7 MAYOR SPANO: That's the first phase.
8 And that would cost local property taxpayers
9 probably about \$167 million or so. So we
10 still have to come up with some money.

11 But every time I raise the property
12 taxes -- every time I raise \$30 million in
13 borrowing, I've got to raise property taxes
14 1 percent. So again, the same thing. The
15 numbers aren't there for us to fix our
16 schools.

17 Our schools, the last report that was
18 done, they said that we needed \$2 billion in
19 repairs, over 500 million just to bring us up
20 to what they called the state standards. We
21 were also 4500 seats below, you know, what we
22 needed. So our kids are in basements and
23 converted rooms and everything else.

24 But they're also -- and some schools

1 are new and nice, you know, but we all know
2 that nine of our 40 schools are 100 years old
3 and that the average school is 75 years or
4 older. And there's a tremendous amount of
5 infrastructure work that needs to be done. I
6 can't get that from the local property
7 taxpayer. So who suffers?

8 And I've supported the rebuild in
9 Buffalo, I support the rebuild in Syracuse
10 and Rochester. I think it's a great place to
11 start because you're getting most of the kids
12 that are struggling, by getting at those
13 districts. But eventually I think it's the
14 right idea to do the entire state. I just
15 think we should be first.

16 SENATOR LIU: All right. Hey, maybe
17 you can -- maybe you can ask the speaker of
18 the City Council in New York City for
19 \$100 million in capital. I heard he's a nice
20 guy.

21 (Reaction from panel.)

22 CHAIRWOMAN KRUEGER: I don't think
23 we're going down this road, John. Not right
24 now.

1 (Laughter.)

2 CHAIRWOMAN KRUEGER: I'm not sure we
3 should go down this road right now.

4 SENATOR LIU: All right.

5 MAYOR SPANO: Well, thank you,
6 Senator.

7 SENATOR LIU: Thank you, Madam Chair.

8 MAYOR SPANO: Thank you for what you
9 said about my Senators. They are -- and the
10 members of the Assembly. They're great
11 leaders, and we're very fortunate in Yonkers
12 to have them fighting on our behalf.

13 SENATOR LIU: I think Gary got upset
14 at me, so he left.

15 (Laughter.)

16 SENATOR LIU: I'll apologize to him
17 later.

18 CHAIRWOMAN KRUEGER: But nobody gets
19 out of this room before they get questioned
20 by Robert Jackson.

21 SENATOR JACKSON: I agree.

22 Thank you, Madam Chairs. Hello?

23 Hello? Yeah, that's better.

24 So good afternoon, Mayor.

1 MAYOR SPANO: Good afternoon, Senator
2 Jackson.

3 SENATOR JACKSON: So can you tell
4 me -- I'm looking here at your capital block
5 grant of \$100 million made available to
6 Yonkers to offset local taxes share to build.
7 How does that relate to an update on the
8 status of the Joint School Construction
9 Board's capital project?

10 MAYOR SPANO: Same thing.

11 SENATOR JACKSON: Same thing?

12 MAYOR SPANO: That board is in place.
13 It's been enacted. It is working. But
14 they're looking for funding to build these
15 schools.

16 And so -- and we are pretty close to
17 building our first school, with or without
18 this block grant, and we're just waiting on
19 the archdiocese to close on what they call
20 the St. Denis property. It's an -- probably
21 an \$80 million facility when it's all said
22 and done. So we're moving forward on the
23 first school.

24 I'd like to move forward on all three.

1 Providing this help would allow us to do
2 that. Because the argument has been you
3 can't change the funding formula for
4 everybody upstate that gets 98 percent or
5 whatever that number is, because that's what
6 the formula provides. Yonkers, even though
7 we're in a different situation -- we're in
8 Westchester County, we have high property
9 values. But what I submit to you, Senator,
10 is we're in the same exact position that
11 Rochester and Buffalo and Syracuse are in,
12 for two different reasons. We are at our
13 constitutional limit. I can't raise the
14 money. And they can't raise the money
15 because -- right, because of their own
16 issues.

17 We can't raise the money either. And
18 if we both can't raise the money, someone has
19 to help us raise it. If not, our kids are
20 going to suffer.

21 SENATOR JACKSON: So are you on line,
22 projected for last year's plan? Last year's
23 plan was to do what? To build one school, to
24 build three schools, or what?

1 MAYOR SPANO: That plan is to build
2 three schools. But we're obviously not going
3 to get three schools all going at the same
4 time.

5 SENATOR JACKSON: So you're in the
6 process or you've already built one school?

7 MAYOR SPANO: No, we have not built a
8 school yet. And we are in the process of
9 having the final touches for a plan to build
10 the first school.

11 Yonkers is 18 square miles. There
12 isn't -- you know this from New York City.
13 There's no place, really, to build -- there's
14 no vacant property in the City of Yonkers.

15 So, you know, the property that we
16 either took with this particular piece, the
17 parcel we're buying from the archdiocese --
18 there's the other parcel on Ashburton Avenue
19 that we purchased in a trade with Municipal
20 Housing. Then there's another parcel that is
21 on the water's edge that was, believe it or
22 not, eight years of tax delinquent property
23 that we were able to foreclose on and mash
24 together with a little park that you

1 alienated for us. And now we're going to be
2 able to put a school there.

3 So it's been a long process. But
4 we're there and ready to build there.

5 SENATOR JACKSON: And what type of
6 school is the first one that you're building?
7 And capacity, also.

8 MAYOR SPANO: All grammar schools,
9 about 600 to 800.

10 SENATOR JACKSON: Six to 800?

11 MAYOR SPANO: Yes.

12 SENATOR JACKSON: How much is it going
13 to cost?

14 MAYOR SPANO: From what I'm being
15 told, the grammar schools are anywhere from
16 60 to 80 million, and our share will be
17 20 million on that, on each one of them.

18 And then there's -- also in the first
19 phase is the repair of the current schools.

20 SENATOR JACKSON: Okay. So how are
21 you doing as far as -- you may have heard me
22 talk about Medicaid and the impact the
23 Medicaid cuts are going to have on everyone.
24 But I want to know whether or not -- what

1 type of impact these Medicaid
2 reconfigurations are going to have on the
3 City of Yonkers.

4 MAYOR SPANO: Senator, you know, I was
5 listening to the questions --

6 SENATOR JACKSON: Of course you were.
7 I know.

8 MAYOR SPANO: I listened to your
9 questions and I asked that question. We
10 don't have an answer. But we figure it is
11 significant and would -- if you don't mind,
12 we'll get back to your office with our
13 answer.

14 SENATOR JACKSON: That's good. It
15 would be great. I mean not only to me, to
16 Senate Finance, so we know. Because
17 obviously -- I cannot see how the Medicaid
18 Redesign Team No. 2 is going to eliminate
19 \$2.5 billion and not have a negative impact
20 on somebody. I don't know whom, but
21 somebody.

22 MAYOR SPANO: Okay, Senator. We'll
23 get back to you.

24 SENATOR JACKSON: I think that -- I

1 want to touch base on the issue of census.

2 So what is right now the city population of
3 the City of Yonkers?

4 MAYOR SPANO: We're about 200,000. We
5 are actually -- as you know, Rochester and
6 Yonkers are pretty close. And I don't know
7 if there'll be a change in position or not.
8 Obviously, from a bragging perspective, you
9 know, I'd like to see us flip one up.

10 But we are making our own investment
11 in the census. Yonkers has a very
12 significant Latino population. We suspect
13 that there are a number of pockets of places
14 where the city's been undercounted,
15 traditionally. We're not going to let that
16 happen.

17 SENATOR JACKSON: You're not going to
18 let it happen this time.

19 MAYOR SPANO: We are not going to let
20 that happen. We want to make sure everyone
21 is counted.

22 So we've invested in our own budget,
23 we put 100,000 in. We're getting an
24 additional hundred and change from New York

1 that will come from our split with the
2 county. And we have -- we'll be working with
3 the not-for-profits and our -- yes, we
4 understand how important it is to make sure
5 everyone is counted because of the effect it
6 will have on the city, and we're going to
7 make sure that every single person -- and
8 what it can bring to the city, frankly.

9 So, Senator, we -- that's been our
10 focus this year, and it's been a major
11 priority for us.

12 SENATOR JACKSON: So thank you. And I
13 think John Liu mentioned -- in my opinion --
14 you know, the City of Yonkers, you share
15 New York State Senator Shelley Mayer and
16 New York State Senator Andrea
17 Stewart-Cousins, who's our Majority Leader.
18 And so in my opinion, Yonkers, you're the --
19 you can't be in better hands, in my opinion.

20 But obviously we know that Yonkers --
21 we cannot consider Yonkers like New York
22 City, obviously. And so -- and, you know, we
23 had a property tax cap of 2 percent, and so
24 we can't raise property tax. But there's a

1 spending cap of 2 percent in which, if not by
2 law, I think in order to meet the needs of
3 New York State citizens and everything that
4 we're dealing with with this budget deficit,
5 we're going to have to spend more than
6 2 percent. And obviously, as you know,
7 education has exceeded that, and healthcare.

8 And so what's your opinion about us
9 raising revenues in order to meet the needs
10 of our great cities such Yonkers, New York,
11 Rochester and all the other small little
12 areas, the rural areas and the suburban
13 areas?

14 MAYOR SPANO: Senator, if you want to
15 raise revenue and send it directly to
16 Yonkers, I'm all for it. So I'm not trying
17 to be -- you know, I guess I was being a
18 little --

19 SENATOR JACKSON: No, I'm very
20 serious, because the needs -- if in fact
21 these Medicaid reductions are going to have a
22 devastating impact, then the question is are
23 we going to allow these Medicaid reductions,
24 whatever they may be -- and we don't know

1 what they are -- to have a negative impact
2 without trying to raise revenue?

3 MAYOR SPANO: I'll answer you this
4 way. I've been mayor for eight years. We
5 have broken the tax cap twice. We have
6 raised the personal income tax, we have -- we
7 have raised the sales tax. And we have done
8 so to help offset the imbalance in education.

9 I don't like -- you know, we took an
10 IMA -- we took over five departments in an
11 intermunicipal agreement with the Board of
12 Education. Five departments cost the city
13 taxpayers of Yonkers \$10 million, and it
14 wasn't money that we took back from the Board
15 of Education. We liberated that money, gave
16 it back to the Board of Education so that
17 they could hire more teachers with it.

18 I'm on record that if we have to do
19 revenues to support the vital programs for
20 our kids, then we're going to do it. I don't
21 like to raise taxes. I supported the STAR
22 program when I was here. I have been mayor
23 when we've made cuts and -- but I realize
24 that there are moments that we have to raise

1 revenue. And when we do, we have done it.

2 SENATOR JACKSON: So you must have
3 been here when the mayor of Rochester
4 testified and their city department of
5 education has overspent their budget by about
6 \$27 million, they had to lay off about a
7 hundred teachers and people like that in
8 midyear.

9 So the city department of education in
10 Yonkers, are they spending within their
11 budget?

12 MAYOR SPANO: We -- as you know, we
13 had a similar situation some years back that
14 Rochester is going through. New York was
15 instrumental in helping us out. But like the
16 Governor said to me on the phone that day, he
17 said, "No free checks here. What are you
18 going to do to help yourselves out?"

19 So we did -- we got additional funding
20 from New York, which made it work, but we
21 also merged five departments, five
22 departments that were duplicative between the
23 Board of Education and the city side. You're
24 looking here, this is the Board of

1 Education -- our budget director and the
2 Board of Education finance commissioner. He
3 does both. That saved the Board of Education
4 \$10 million. That helped close the gap, and
5 we were able to move forward. And like I
6 said, but it was a partnership that we have
7 had with all of you here in New York, and it
8 worked.

9 SENATOR JACKSON: Thank you.

10 Thank you, Madam Chairs.

11 CHAIRWOMAN KRUEGER: Thank you.

12 Assembly.

13 CHAIRWOMAN WEINSTEIN: I think we're
14 done.

15 So thank you. Thank you, Mayor Spano,
16 for being here with us today.

17 MAYOR SPANO: Thank you, Madam Chair.

18 Thank you, Madam Chair. Nice to see you.

19 CHAIRWOMAN KRUEGER: Take care.

20 CHAIRWOMAN WEINSTEIN: Next we have,
21 representing the New York City Council,
22 Honorable Corey Johnson, speaker.

23 SPEAKER JOHNSON: Hi. How are you?

24 Great.

1 Good afternoon. Thank you, Chair
2 Krueger, Chair Weinstein, and the members of
3 the Senate Finance and Assembly Ways and
4 Means Committees. I'm Corey Johnson, speaker
5 of the New York City Council, and I'm happy
6 to be before these esteemed bodies to discuss
7 the Executive Budget for the state fiscal
8 year 2020 to 2021, and its potential impact
9 on New York City.

10 I know you heard from the Mayor
11 earlier today. I'll attempt to keep my
12 remarks brief, and I hope that you'll take
13 the opportunity to review the additional
14 materials that I submitted with my testimony
15 as a fuller explanation of the Council's
16 positions on housing, education, social
17 services, Medicaid, environmental
18 conservation, and property tax reform.

19 The \$178 billion Executive Budget
20 includes many proposals that New York City
21 and the City Council are excited to support,
22 including the legalization of marijuana, the
23 reduction of business taxes for small
24 businesses, and the environmental

1 conservation proposals to combat climate
2 change and reduce waste.

3 However, as we all know, the state
4 faces a \$6.1 billion budget gap, and about
5 \$2 billion of the shortfall is generated by
6 Medicaid spending. The Council has a deep
7 concern that the Executive Budget continues
8 the worrying trend of shifting costs to
9 localities and adding unfunded mandates that
10 add significant stress to our city's budget.

11 The Governor's proposal to close the
12 \$2 billion Medicaid gap would be a twofold
13 blow for New York City. The first aspect of
14 the plan would shift as much as \$1.1 billion
15 in Medicaid costs to the City of New York, on
16 top of the \$5.3 billion local share that
17 New York City already pays. Medicaid is a
18 state-run program, as you know. The state
19 makes the rules about who is eligible, about
20 what services will be covered, about the
21 level of reimbursement. And as a locality,
22 the city's only role is to enroll the people
23 who are eligible pursuant to the state's
24 rules. Shifting additional costs to us as an

1 incentive to have us rein in the costs that
2 we do not control is futile, and it is
3 unfair.

4 The second aspect of the plan could
5 hit us just as hard. Part 2 is to have a
6 reconvened Medicaid Redesign Team and have
7 them find \$2.5 billion in savings in the next
8 seven weeks. The city fully supports finding
9 efficiencies within the program, and in fact
10 we have proposed a few of our own. But we
11 are stunned that there is not a single
12 Health + Hospitals or New York City
13 government representative on this panel.

14 Since the panel was just convened, we
15 are skeptical that the MRT will be able to
16 find targeted, thoughtful savings in such a
17 short time frame. And, if they do not, the
18 fallback is to impose a blunt remedy of
19 across-the-board cuts to spending similar to
20 the 1 percent cut instituted in December.
21 That cut, totaling roughly \$65 million,
22 resulted in a hiring freeze for about
23 200 positions. Imagine what a cut of half a
24 billion would require.

1 In the push to contain Medicaid
2 spending, I also ask that you support
3 appropriate services for chronically ill,
4 unstably housed New Yorkers. The state
5 should develop a medical respite program for
6 medically homeless individuals and pass
7 legislation to ensure nursing homes and
8 hospitals perform adequate discharge planning
9 for people who are leaving the system, and to
10 stop inappropriate discharges to city
11 shelters.

12 In New York City a staggering
13 1.42 million New Yorkers live below the
14 federal poverty line, and 28 percent of those
15 New Yorkers are children. On a typical
16 night, 80,000 New Yorkers sleep in a shelter,
17 and 3600 are sleeping on the streets of
18 New York City. The city commits more than
19 \$2 billion every single year in our own city
20 budget to respond to the homelessness crisis.
21 Now is not the time for the state to undercut
22 our efforts by reducing social service grants
23 to New York City.

24 Therefore, I urge you to oppose the

1 5 percent cut to TANF, Temporary Assistance
2 for Needy Families reimbursements, which
3 would cost the city \$102 million over two
4 fiscal years.

5 I also oppose the mandate that
6 additional TANF Flexible Fund for Family
7 Services money would be spent on child
8 welfare services and that would decrease
9 state reimbursements to the city by
10 \$21.3 million over two city fiscal years.

11 The Executive Budget does include some
12 welcome investments in safety net proposals.
13 We support the Governor's proposal to double
14 its funding for the Homeless Housing and
15 Assistance Program to \$128 million.
16 Moreover, the enhanced Empire State Child Tax
17 Credit that could benefit almost 400,000
18 families, and the Automatic Earned Income
19 Credit, would make sure that all eligible
20 taxpayers receive the amount they are due
21 without the completion of additional
22 paperwork. Both should be adopted.

23 But I am calling for our state
24 partners to go further. The state should

1 create the Home Stability Support Program,
2 which I thank you, Chair Krueger, and
3 Assemblymember Hevesi for sponsoring. I urge
4 you to fully fund the Governor's Empire State
5 supportive housing initiative by committing
6 support for the remaining 14,000 units of
7 supportive housing statewide, and to increase
8 the rates paid to supportive housing
9 providers.

10 For Department of Health and Mental
11 Health supportive housing units, state
12 funding has fallen short, and a \$14 million
13 state increase is required to bring those
14 rates in line with other supportive housing
15 programs.

16 And to further help renters, the
17 budget should invest in tenant-centered
18 enforcement at the state's Division of
19 Housing and Community Renewal, so tenants no
20 longer have to wait up to two years for the
21 state to investigate rent overcharges.

22 Remarkably, the Executive Budget does
23 nothing new for NYCHA and merely
24 reappropriates \$450 million that should have

1 been released to our public housing residents
2 years ago. The city's capital investment in
3 NYCHA is \$2.8 billion over a five-year
4 period, and I ask you to meet or exceed the
5 city's commitment.

6 Turning to education, I strongly urge
7 you to adopt a budget that allows the city's
8 public schools to provide a sound, basic
9 education to every child. That means finally
10 making good on the \$1.1 billion debt owed
11 from the Campaign for Fiscal Equity decision.

12 The proposed budget would leave city
13 schools with fewer resources next year.
14 Statewide school aid grows by 3 percent, but
15 the city would see only a 2 percent increase.
16 The proposed consolidation of school aids
17 into Foundation Aid will reduce the state's
18 contribution to vital education programs,
19 leaving fewer resources to support the city's
20 1866 district public schools.

21 Overall, the proposed budget would
22 leave the city \$136 million short of its
23 planned budget.

24 Additionally, the mandate to increase

1 charter school payments by 5 percent and to
2 lift the charter school cap by allowing
3 17 charters to reopen would divert another
4 \$150 million from our Foundation Aid
5 allocation away from public district schools.
6 I urge you to reconsider the proposed
7 restructuring and funding levels to fully
8 account for the needs of all city schools.

9 In regards to higher education
10 proposals, the proposed budget leaves CUNY
11 with a Tuition Assistance Program of
12 \$79 million in its senior colleges, and holds
13 the community college per-student state aid
14 at \$2,847. We recommend a \$250 per-student
15 increase.

16 In addition, I'm concerned about the
17 proposed \$3 billion city contribution for the
18 MTA's new capital plan, which is supposed to
19 match the state's \$3 billion contribution.
20 While the split may sound fair, it represents
21 a reduction in the state's contribution to
22 the last MTA capital plan from 24.1 percent
23 of the total plan now to 5.8 percent. And I
24 am hesitant for the city to commit spending

1 billions of dollars on a plan that was
2 developed without the city's partnership and
3 about which we have very little information.

4 It's also unclear whether any
5 congestion pricing revenue will count towards
6 the city's contribution. But given that it
7 is being implemented on our streets and
8 largely paid for by our residents, it
9 certainly should count. I will reiterate my
10 position on the importance of rolling out
11 congestion pricing properly, because the
12 revenue it could generate is what has allowed
13 the capital plan to be so ambitious.

14 As you deliberate over the next two
15 months to balance the state budget, before
16 cuts are imposed I think it is important that
17 revenue options be considered. In
18 particular, I would point out that business
19 taxes remain fully deductible on the federal
20 corporate and personal income tax level. I
21 urge you to look at types of firms that
22 recently benefited from the federal Tax Cuts
23 and Jobs Act, where around 20 percent of
24 their costs would be picked up by the federal

1 government through deductibility.

2 I also seek your support in passing a
3 commercial vacancy tax to help address the
4 issue of vacant storefronts and to help
5 retain the character of New York City's
6 unique and diverse neighborhoods.

7 And lastly, about two weeks ago the
8 New York City Advisory Commission on Property
9 Tax Reform, convened jointly by myself and
10 Mayor de Blasio, released its preliminary
11 findings to improve the city's broken
12 property tax system. The commission plans to
13 hold additional public hearings and release
14 its final recommendations later this year.
15 Albany holds the keys to overhauling the
16 city's property tax system. Once the final
17 recommendations are published, I hope to work
18 with all of you to make the city's property
19 tax system fairer, simpler and more
20 transparent.

21 I thank you for inviting me to testify
22 before you today, and I look forward to
23 working with all of you over the coming
24 months.

1 And lastly, I want to thank you,
2 Senator Seward, for your service to New York
3 State. I wish you well, your family well.
4 And I am keeping you in my thoughts and
5 prayers for your good health moving forward.

6 Thank you very much for having me
7 today.

8 CHAIRWOMAN WEINSTEIN: Thank you.

9 We're going to go to Assemblyman
10 Braunstein, chair of our Cities Committee.

11 ASSEMBLYMAN BRAUNSTEIN: Thank you,
12 Mr. Speaker, for taking the trip up here and
13 for waiting around to testify.

14 I want to commend you on getting the
15 Property Tax Commission recommendations
16 finally complete. We've seen preliminary
17 details; we look forward to seeing the --
18 more details. I just want to know, what's
19 the time frame for when the commission is
20 going to give more details? And then, moving
21 forward, is the Council planning on having
22 some kind of hearings or passing maybe a
23 resolution indicating their desire of what
24 they'd like the state to do?

1 SPEAKER JOHNSON: I hope that the
2 commission will have the final
3 recommendations. The report that came out a
4 couple of weeks ago was a preliminary report.
5 The final recommendations will be adopted
6 after we have an additional five
7 borough-based town hall meetings in all five
8 boroughs, getting feedback on this
9 preliminary report and the 10 preliminary
10 recommendations that we made. There are some
11 things that I think should be in the report;
12 I think we need to do more for renters. I
13 think we should look at raising revenue and
14 making the system more equitable by doing
15 something further on a pied-à-terre tax or on
16 the ultra-luxury apartments in New York City.
17 Those were not in the preliminary
18 recommendations, so I'm hopeful that
19 something on those lines will be in this
20 final report.

21 When it comes to what the final
22 disposition of the report will be as it
23 relates to the City Council coming forward
24 with a potential home-rule message to the

1 State Legislature and to the Governor, I
2 think there needs to be a conversation first.
3 We need to talk to all of you. I know that
4 the Senate and Assembly, even before this
5 report came out, had been having individual
6 meetings in districts across New York City,
7 hearing from local constituents in your
8 respective Assembly and Senate districts,
9 getting feedback. I think this report will
10 hopefully be a roadmap towards some consensus
11 on some of these issues, but I think it would
12 be premature for me to say that the Council
13 would come out with a home-rule message on
14 this without us sitting down with the members
15 of these two committees, with the leadership
16 of both houses, and understanding where there
17 is some consensus, where there is some
18 overlap.

19 I would not want to get out ahead of
20 the State Legislature, I'd want there to be a
21 productive dialogue before we take that
22 potential step.

23 ASSEMBLYMAN BRAUNSTEIN: So just again
24 on timeline, so --

1 SPEAKER JOHNSON: Well, the timeline
2 would be --

3 ASSEMBLYMAN BRAUNSTEIN: When -- so
4 there's going to be more hearings, then final
5 recommendations. And once there's final
6 recommendations, then it's to be determined
7 if the City Council is going to take an
8 official position on things or if it's just
9 going to come straight to Albany.

10 SPEAKER JOHNSON: My sense -- and I
11 haven't had a chance to conference this yet
12 with the members of the City Council, because
13 we're not done, we don't have the final
14 report. But my sense is that the final
15 report will be done by the beginning of the
16 summer, so you all I think will be out of
17 session at that point.

18 We will then take the remaining months
19 from the summer to the end of 2020 to have
20 conversations with you all on what you think
21 makes sense in the report. And based off of
22 those conversations, then we'll determine a
23 path forward.

24 I need to of course balance what the

1 members of the City Council think, I have to
2 go to them. And I want to be respectful of
3 the conversations that I need to have with
4 the members of both of these houses. Because
5 if we're going to get something done, it
6 needs to be done in coordination with each
7 other. And I don't want to just pass a
8 home-rule message that might be dead on
9 arrival up here in Albany.

10 So I think having those conversations
11 with the members of these two committees and
12 the members of leadership of both of these
13 houses is a really important step before I
14 think about a timeline for doing a home-rule
15 message.

16 ASSEMBLYMAN BRAUNSTEIN: So the hope
17 is that sometime next legislative session --

18 SPEAKER JOHNSON: Yes.

19 ASSEMBLYMAN BRAUNSTEIN: -- we'll be
20 prepared to introduce something up here.

21 SPEAKER JOHNSON: That's my hope. My
22 hope would be that over the course of the
23 last six months of this year we can have
24 those conversations and then, going into the

1 beginning of next legislative session, there
2 will be some things where there is consensus
3 that are teed up, where the Senate, the
4 Assembly and the city all agree.

5 And that will give us a path forward
6 and hopefully that will put us in the
7 position to, about a year from now, get close
8 to getting something done on restructuring
9 our property tax system and providing some
10 significant reform inside the system.

11 ASSEMBLYMAN BRAUNSTEIN: Okay. So
12 once again, I want to commend you for working
13 out this commission and panel, then come up
14 with these recommendations. And, you know, I
15 agree with you that we must make changes.
16 And it's just going to get more and more
17 complicated and difficult from here.

18 So I look forward to working with you
19 to hopefully finally getting some changes in
20 next year's legislative session. Thank you.

21 SPEAKER JOHNSON: Thank you,
22 Assemblymember Braunstein.

23 CHAIRWOMAN WEINSTEIN: Senate?

24 CHAIRWOMAN KRUEGER: Thank you.

1 I'm actually going to take a little
2 chair privilege, since the Assemblymember
3 just ended on where I wanted to start.

4 So I'm also very happy to see that the
5 city released its commission report on
6 property taxes. It's big, it's complicated,
7 there's no easy way to do it. There will be
8 winners and losers.

9 So I also have to say I applaud you
10 for thinking through how you take the steps
11 to get from here to there, which I agree with
12 you is taking it out to the public so that
13 they have a chance to review, ask their
14 questions, make their recommendations, then
15 hopefully working with the City Council and
16 the Mayor together, come up with a draft of
17 the bill that you think makes the most sense
18 for New York City, come to us, because we
19 need to ultimately pass it. But in my
20 opinion, don't let us write it. You write it
21 and come to us and work it out together, and
22 then go for a vote.

23 So I think your timing is right and
24 your strategy is absolutely right. I was

1 worried when the commission report wasn't
2 coming out --

3 SPEAKER JOHNSON: I was worried about
4 that as well.

5 CHAIRWOMAN KRUEGER: But now that it
6 is, I feel much better about even being able
7 to help think through going forward.

8 I also want to thank you for the
9 excellent charts and detail about a whole
10 package of proposals that affect New York
11 City within the New York State budget, and
12 being very complete. Because it is --

13 SPEAKER JOHNSON: I want to thank our
14 finance director Latonia McKinney and her
15 staff for working on those.

16 CHAIRWOMAN KRUEGER: Because it's --
17 you know, Medicaid and education end up being
18 the two big dollar items. But as your data
19 shows, there are so many impacts on the City
20 of New York, and there's such a relationship
21 between the state budget and what the city
22 can and cannot do.

23 I just want to comment, you talked
24 about congestion pricing. And you and I

1 overlap a district that would be core
2 Manhattan. I just read in the Wall Street
3 Journal today we need federal approval, and
4 apparently we don't have it. What's your
5 opinion about what happens next?

6 SPEAKER JOHNSON: Well, I'm -- I wrote
7 a letter about a month and a half ago to the
8 MTA saying that I am incredibly disappointed
9 with the work that has been done so far in
10 implementing or taking the steps to implement
11 congestion pricing.

12 One of the big things that you just
13 mentioned, Madam Chair, is that we do need
14 federal approval for this, but I think we
15 will get that. It shouldn't be a given, but
16 I think we will get that. But one of the
17 bigger issues here is that before London
18 adopted congestion pricing in 2003, they had
19 spent two years educating the public, and
20 they worked with Transport for London, which
21 is their version of the MTA, in figuring out
22 where they needed additional bus service,
23 where they needed additional rail service,
24 where they needed to supplement services

1 where they thought they would see a diversion
2 from people not using cars.

3 I haven't seen a plan. And the way
4 the Legislature adopted congestion pricing a
5 little less than a year ago was to set up
6 this additional committee inside of the MTA
7 as part of the Triborough Bridge & Tunnel
8 Authority called the Transit Mobility Review
9 Board, which is going to have six members. I
10 don't know who those members are --

11 CHAIRWOMAN KRUEGER: Right.

12 SPEAKER JOHNSON: -- I don't know when
13 those members are meeting, I don't know what
14 the members' full mandate is. I assume that
15 the members are going to decide what the fee
16 is going to be. I assume they're going to
17 decide if there are exemptions for low-income
18 New Yorkers. I assume they're going to
19 decide what happens to individuals who live
20 within the congestion pricing zone and how
21 they get treated separately from people who
22 live outside the congestion pricing zone.
23 But they're not being empaneled until
24 November of this year, after the elections

1 are done, and then in a five-to-six-week
2 span, before this goes into effect on
3 January 1, 2021, they're going to announce
4 all of those recommendations.

5 I think that is a recipe for disaster,
6 given that we need the public to understand
7 the rollout, the execution, and why these
8 decisions are being made. So I have very
9 serious concerns about what we haven't done
10 thus far in preparing for congestion pricing
11 and what we should be doing over the next 10
12 months to make sure that we get it right.

13 And then separately I'll say I think
14 there were a lot of members of both of these
15 houses, who when they voted for a budget that
16 included congestion pricing, they believed
17 they were going to see additional express bus
18 service, rapid bus service, services to their
19 districts that are in transit deserts, in
20 parts of New York City without reliable mass
21 transit. I haven't seen a report on that and
22 what that looks like. And I think that's
23 another key part of figuring out what we're
24 doing to prepare for congestion pricing

1 before January 1, 2021.

2 CHAIRWOMAN KRUEGER: And in fact the
3 MTA was here about two weeks ago now, and we
4 got no answers to exactly those questions.

5 Which, you know, from a big-picture
6 perspective and from a local Senator whose
7 district is immediately impacted, the concept
8 that while I keep being assured there will be
9 public hearings where people can come and
10 raise their issues, no schedule for anything.
11 Including not exactly clear if those
12 representatives to this MTA committee will
13 even make the decisions. It was implied more
14 that the Bridge & Tunnel Authority will just
15 do that.

16 SPEAKER JOHNSON: And we have to make
17 sure those hearings are public hearings that
18 allow for public participation and input from
19 New Yorkers who are going to be impacted by
20 congestion pricing.

21 CHAIRWOMAN KRUEGER: Right. And just
22 one more question, because I know that we've
23 had discussions about this, about the
24 critical need for rent supplementation --

1 SPEAKER JOHNSON: Yes.

2 CHAIRWOMAN KRUEGER: -- to decrease
3 the rate at which homeless families are
4 entering our shelter system.

5 If I'm looking at your charts right,
6 you're actually proposing that somehow we do
7 a blended the City Council and the city move
8 forward with their proposal, as we expand
9 hopefully my program in the coming years. Am
10 I reading that right?

11 SPEAKER JOHNSON: I believe what we
12 are hoping happens is that the wonderful
13 program that you and Assemblymember Hevesi
14 have put forward, the Home Stability Support
15 Act, that the rental assistance vouchers, we
16 are not relying on full state funding, that
17 there would be a shortfall. And in that
18 shortfall, the city would need to come up
19 with a certain percentage. I believe we are
20 pegging that number at 15 percent right now.
21 The number might be higher, depending on how
22 your negotiations go.

23 I'm really happy to see that it's been
24 a major priority for you and for the Assembly

1 as well, and I think it's the most important
2 thing we can do for the homelessness crisis
3 that our city is facing.

4 CHAIRWOMAN KRUEGER: Thank you. I'm
5 not going to use my next three minutes.
6 Thank you.

7 Do you have more, Assembly?

8 CHAIRWOMAN WEINSTEIN: No.

9 CHAIRWOMAN KRUEGER: Senator John Liu.

10 SENATOR LIU: Thank you, Madam Chair.

11 Madam Chair, I love the speaker. I
12 absolutely adore him. He says exactly the
13 right thing, that the MTA promised that they
14 would look at other ways for people to move
15 about in advance of congestion pricing. And
16 now the only thing that they have on the
17 board is congestion pricing without any
18 improvements. In fact, they've literally
19 said the bus service -- which would really be
20 the only alternative mass transit available
21 to people -- would be revenue- or
22 cost-neutral.

23 Totally unacceptable, and it sounds
24 like you agree with us on that, Mr. Speaker.

1 SPEAKER JOHNSON: I do.

2 SENATOR LIU: So on behalf of Ed
3 Braunstein and myself, I thank you from the
4 bottom of my heart.

5 On the issue of property tax reform, I
6 said earlier to the mayor, and I would
7 suggest to you as well, you know -- I mean, I
8 don't want to pick on nonprofit tax-exempt
9 organizations, but we have some nonprofit
10 tax-exempt organizations in the City of
11 New York that aren't small little
12 organizations. In fact, they're
13 multi-billion-dollar enterprises.

14 And if you look at some of these
15 institutions -- and I'm not talking about any
16 religious organizations, but specifically I'm
17 talking about some healthcare as well as
18 educational institutions -- I think it's time
19 we look at whether those entities should
20 remain property-tax-free.

21 If some of the universities and
22 healthcare institutions -- which I will add
23 many New Yorkers do not actually have full
24 access to -- if those institutions paid their

1 fair share of property taxes, we're looking
2 at a bottom end of \$3 billion a year, maybe
3 as much as \$5 billion or \$6 billion a year.
4 And that might help offset some of the,
5 quote, losers in the property tax reform that
6 we're considering now.

7 So I certainly agree with
8 Chairperson Krueger that you guys should
9 write it, we'll consider it after you write
10 it. But please take that suggestion into
11 account, because I think it's high time that
12 we -- you know, some of these nonprofits are
13 as big if not bigger than most of the
14 corporations in the city.

15 SPEAKER JOHNSON: Thank you. Thank
16 you, Senator Liu. That's a very good
17 suggestion.

18 When we're talking about not even just
19 in the context of the Property Tax Commission
20 in reforming the system, but also in the
21 context of the difficult conversations you
22 all are having up here over the course of the
23 next two months on finding additional revenue
24 for the State of New York and for the City of

1 New York, I think, do we need to be looking
2 at proposals like this? There are a lot of
3 other proposals that have been put forward.

4 But as it relates to the property tax
5 system, you know, one of the difficult
6 challenges that the commission was charged
7 with was to come up with recommendations that
8 would make the system more equitable but
9 would also keep it revenue-neutral. And
10 that's a really hard thing to do in the
11 system.

12 So I think what you're saying makes a
13 lot of sense. Let's look at some of these
14 really gigantic institutions that are sitting
15 on tons and tons of money and figure out a
16 way to get them to pay some amount in
17 property taxes which will ensure that the
18 losers are not small-home owners and
19 small-building owners and co-op owners.

20 There's a way to do that. I think we
21 need to be creative, thoughtful, strategic in
22 how we push and pull things, because you push
23 in one area, it affects something else. But
24 there are other things we should look at, and

1 this is one of them.

2 SENATOR LIU: Thank you. Thank you,
3 Madam Chair, and thank you, Mr. Speaker.

4 CHAIRWOMAN KRUEGER: {Inaudible.}
5 Senator Jackson.

6 SENATOR JACKSON: Hello. Hello. I
7 know you can hear me.

8 Hey, Corey. Well, Corey, let me say
9 these are great. Because not only it gives
10 the budget information, it also says here
11 whether or not -- what the City Council's
12 position is on it. So this is something that
13 we can use, and I'm going to make sure that
14 all of our colleagues in the Senate have this
15 to look at in order to use that as a guide
16 when it talks about New York City.

17 So thank you for coming in. I
18 appreciate it. As you know, there is a
19 spending cap of 2 percent that the Governor
20 has imposed. And in fact considering that
21 the Medicaid Redesign Team No. 2 has to
22 eliminate \$2.5 billion and supposedly I
23 believe when he gave his State of the State
24 address, with no negative impact on

1 municipalities or layoffs. Even though I
2 don't think he said that exactly.

3 I don't see how they can cut
4 2.5 billion without having a negative impact
5 on Medicaid recipients and/or employees. Do
6 you have an opinion about that?

7 SPEAKER JOHNSON: I am really scared
8 about what the MRT is going to suggest,
9 because right now the \$5.3 billion that we
10 are spending from the city's budget to cover
11 Medicaid, that comes out of the HRA budget.

12 As you know from your time in the
13 Council, Senator Jackson, the Human Resource
14 Administration in the City of New York is the
15 administration that -- the agency that's
16 dealing with the most vulnerable people, the
17 poorest people in New York City, the people
18 who are getting some type of government
19 benefits and programs. And if it goes
20 through the way that we're all concerned
21 about, it means that we're going to
22 potentially have to cut other programs that
23 are helping poor individuals in New York
24 City.

1 We had a big cost-shift on us last
2 year, \$125 million in TANF, Temporary
3 Assistance for Needy Families. The new
4 proposal is \$102 million over two fiscal
5 years. Last year, the last two years, we got
6 unfunded mandates in all of the good criminal
7 justice reform that was done. We got
8 unfunded mandates in Close to Home. We got
9 unfunded mandates in Raise the Age. We got
10 unfunded mandates in the Article VI cuts. We
11 got unfunded mandates in all of this. And it
12 meant that we had to make really tough
13 decisions when we were adopting the city's
14 budget.

15 So I am enormously concerned that this
16 is going to, at the end of the day, impact
17 the New Yorkers who are most vulnerable, the
18 poorest New Yorkers. Which is why I was
19 proud to stand with you earlier today calling
20 for creative ways to raise additional revenue
21 here.

22 And let's not go by the Chicken Little
23 syndrome of the sky is going to fall if we
24 decide we are going to raise taxes on the

1 wealthiest New Yorkers, the people that can
2 afford to pay a little bit more. I think we
3 need to have that conversation, especially if
4 it's going to result -- if we don't have that
5 conversation, it's going to result in a lot
6 of poor people being extraordinarily hurt.

7 We're in the middle of a homelessness
8 crisis -- 80,000 New Yorkers in New York City
9 are homeless, 23,000 of them are children
10 under the age of 18. We have one in five
11 New York City residents living below the
12 federal poverty line. We have an affordable
13 housing crisis in New York City. We have
14 over 1.5 million New Yorkers every single day
15 that are food-insecure and don't know where
16 their next meal is coming from.

17 With all of that on our plate, we
18 cannot be having a conversation about cutting
19 services, potentially, for those New Yorkers
20 that are already vulnerable and struggling.
21 Let's come up with additional revenue.
22 That's what we need to do to close this. If
23 there are efficiencies out there that make
24 sense -- and the City of New York I believe

1 gave some recommendations on some of those
2 efficiencies that we see in the current
3 system -- take those. But let's not hurt the
4 people that are most vulnerable amongst us.

5 SENATOR JACKSON: So I asked the other
6 cities the same question that I'm going to
7 ask you, since you're the speaker of the City
8 Council of New York, the second-highest
9 elected public official as far as political
10 clout, because the City Council controls the
11 budget.

12 So how many -- if you know, how many
13 Medicaid recipients does New York City have?
14 And I think the Governor had said those that
15 can keep their cap under 3 percent, then they
16 will reap some additional funds. And those
17 that cannot -- and it rises up, and I believe
18 New York City is at about 7 percent, you can
19 correct me if I'm wrong -- then you have to
20 pay for it out of our budget.

21 So do you have any insight on that
22 whatsoever?

23 SPEAKER JOHNSON: Well, I apologize, I
24 don't have the exact number in front of me on

1 the number of people that are currently
2 enrolled through Medicaid in New York City.

3 But what we do know is that the
4 institution that will be the most affected, I
5 believe, across the State of New York is
6 actually our public hospital system in
7 New York City -- which every day takes care
8 of poor folks, uninsured folks, undocumented
9 folks, and this will hit them the hardest.
10 They're really the sort of shreds of a social
11 safety net in helping people not fall through
12 the cracks.

13 So it would have a devastating impact
14 on our public hospital system. And
15 Dr. Mitchell Katz has done a great job over
16 the last two and a half years at turning that
17 system around and making it more financially
18 solvent, and this puts it back in a pretty
19 financially precarious and difficult
20 situation. You know, the largest Medicaid
21 provider in New York State is Health +
22 Hospitals, so it would have the biggest
23 impact on them.

24 So we oppose unilateral cuts as the

1 City Council, and I believe the Mayor said
2 that as well. I think that we should extend
3 the timeline where this Medicaid Redesign
4 Team 2.0 has more time to actually consider
5 this, not in seven weeks to get this done.
6 It needs to be more thoughtful, more
7 strategic, and there needs to be more
8 cooperation with localities and
9 municipalities across the state.

10 I guess the number that I'm seeing
11 right now is there are 3 million people
12 enrolled in Medicaid in New York City.

13 SENATOR JACKSON: In New York City.

14 SPEAKER JOHNSON: In New York City.
15 Out of 8.6 million, 3 million people enrolled
16 in Medicaid.

17 We want to add city representation to
18 the MRT. It's shocking that there's not a
19 representative from Health + Hospitals or
20 from the Mayor's office that is on there.
21 And we want to consider some cost-saving
22 measures that have been forwarded to the
23 Governor and to the MRT at this early stage
24 that we do not believe are going to reduce

1 services for poor and indigent individuals
2 but actually are real efficiencies we can
3 find.

4 I think the State Comptroller,
5 Comptroller DiNapoli, came forward and
6 identified a significant amount of savings
7 that the MRT should adopt that we do not
8 believe are going to hurt people. Those are
9 some of the things I think we need to do.

10 SENATOR JACKSON: Can you tell me
11 what -- I asked this question of other city
12 mayors, and I don't know if I asked it of
13 Mayor de Blasio when he was here -- but the
14 City Council with respect to dealing with the
15 Census, and what are we doing to make sure
16 that every New Yorker, no matter what their
17 status is, is counted?

18 SPEAKER JOHNSON: I will say very
19 proudly that in last year's preliminary city
20 budget and in last year's executive city
21 budget, the amount of money that the City
22 Council wanted to see in the budget was not
23 there, and so one of our major priorities
24 after our preliminary budget hearings --

1 which you're well acquainted with, after your
2 12 years in the Council -- in our budget
3 response, we called for \$40 million for the
4 administration to put in for the Census.

5 In the executive budget that the Mayor
6 released, \$40 million was not put in; I
7 believe half the money was put in. And so
8 going into budget adoption in June, one of
9 the things that I negotiated was getting
10 \$40 million in. So we have \$40 million.

11 We set aside I believe almost
12 \$5 million to fund community-based
13 organizations across New York City, whether
14 it be the Bengali community or the West
15 African community or the Dominican
16 community -- communities that are hard to
17 reach in New York City.

18 On Saturday night I was out in Jamaica
19 at an organization called SAFEST, which
20 serves the Bengali community in Queens, in
21 Assemblymember Weprin's district, which is
22 one of the fastest-growing communities in
23 New York City. And the event I was at was a
24 complete-count event, the Bengali community

1 organizing, getting information out through
2 houses of worship and small businesses and
3 schools, to get everyone counted.

4 We know there are tens of billions of
5 dollars on the line. Congressional
6 representation is on the line. We need a
7 complete and full count. The State of
8 California stepped up with a tremendous
9 amount of money to get their folks counted.
10 We want every New Yorker to get counted. We
11 want New Yorkers to know that the information
12 they fill out is protected, it cannot be used
13 against them, it is illegal under federal law
14 to use that information against any type of
15 New Yorker.

16 And so we're getting information out
17 there. We funded, Senator Jackson, 150
18 community-based organizations to do this
19 complete-count work going into the initial
20 count in March, and then when the
21 door-knocking begins earlier in the summer.

22 So I'm proud of the work we're doing.
23 We put in a lot of money. The state put in
24 money. Let's get everyone counted.

1 SENATOR JACKSON: Is that in
2 coordination with the City of New York? I
3 would make that assumption. Is that correct?

4 SPEAKER JOHNSON: Yes, it is
5 coordinated. You know that Julie Menin is
6 overseeing it inside of the Law Department.
7 And our work is coordinated with the
8 administration's work.

9 SENATOR JACKSON: Bail reform.

10 SPEAKER JOHNSON: Yes, what about it?

11 SENATOR JACKSON: What's your position
12 on bail reform, holding the line or making
13 changes?

14 SPEAKER JOHNSON: My position is that
15 for far too long poor people were treated
16 differently than wealthy people. And when
17 Harvey Weinstein was able to pay a million
18 dollars to get out on bail and then go have a
19 filet mignon that night at a steakhouse, I
20 did not see people up in arms over that.

21 There may be some instances where we
22 need to figure out, if there are repeat
23 offenders that are going out and committing
24 violent acts against people -- punching

1 someone in the head, committing drunk
2 driving, along those lines -- there may need
3 to be some changes.

4 But I am not going to say that less
5 than 50 days into this that we need to blow
6 this up. I think there has been a lot of
7 misleading information that has been put out
8 there about this. It's my understanding that
9 in some of these cases there was the ability
10 to keep some of these folks actually behind
11 bars in the meantime.

12 So are you all going to look at
13 potential changes to this? Yes. But we
14 cannot go back to the system that we had that
15 criminalized poor people and you could buy
16 your freedom depending on how wealthy you
17 were. And I'm concerned about that. We
18 don't want to go back to the place of mass
19 incarceration.

20 So I think the reforms that were made
21 last year were good. There may be ways to
22 make some changes on this in individual
23 circumstances where the State Legislature and
24 others find it difficult to move forward in

1 the way it's moved forward. But -- you can
2 look at some small changes, but nothing
3 wholesale. We made these changes for a
4 reason. And I think we need more time to see
5 it play out.

6 SENATOR JACKSON: Thank you.

7 Thank you, Madam Chairs.

8 CHAIRWOMAN WEINSTEIN: Thank you. I
9 believe that's all the questions we have for
10 you this afternoon still. Thank you for
11 being here today, and we look forward to
12 continuing to work with you.

13 SPEAKER JOHNSON: Thank you, Madam
14 Chair. Thank you, Madam Chair. Godspeed,
15 Ranking Member Seward.

16 CHAIRWOMAN WEINSTEIN: Thank you.

17 Next we will hear from the New York
18 State Association of Counties: Steve
19 Acquario, executive director; Daniel McCoy,
20 Albany County exec -- there's a lot of other
21 people coming down -- and Kira Pospesel,
22 DSS commissioner of Greene County. So I
23 assume there may be others sitting at the
24 table, but those are the people who are going

1 to be speaking.

2 MR. ACQUARIO: Thank you, Madam

3 Chair -- Madam Chairs.

4 CHAIRWOMAN WEINSTEIN: Oh, just before

5 you get started, so there's 10 minutes

6 between the three of you. So the first two

7 save something for the third. Save some

8 time.

9 MR. ACQUARIO: Dan?

10 COUNTY EXECUTIVE McCOY: Thank you for

11 this opportunity to testify. I appreciate

12 it. I know your time's valuable --

13 CHAIRWOMAN WEINSTEIN: Hold on a sec.

14 I'm not sure your mic is -- can you just see

15 if it's on, or at least pull it closer to

16 you.

17 MR. ACQUARIO: Here, Dan. We'll need

18 a few extra seconds put back on the clock.

19 COUNTY EXECUTIVE McCOY: Can I get

20 10 more seconds added to the clock, please?

21 (Laughter.)

22 CHAIRWOMAN WEINSTEIN: No, we're going

23 to -- we'll start it over again.

24 COUNTY EXECUTIVE McCOY: I do want to

1 say thank you for your time. I appreciate
2 the opportunity to come here to talk on the
3 budget and the things that are going to
4 affect us.

5 Daniel McCoy, Albany County executive.
6 Also president of County Executives of
7 America and president of New York State
8 County Executives Association. So I'm kind
9 of here wearing three hats.

10 But I do want to say I know times are
11 tough. I know you've got a \$6.2 billion
12 deficit. We're willing to roll up our
13 sleeves to work with you. We want to come up
14 with solutions to the problem. We've reached
15 out to the Governor's office, the Budget
16 Department for the last couple of months and
17 said, Hey, look, we are all united on this
18 and we want to try to fix it.

19 And some of the things we've done in
20 our DSS office is put like a veteran's
21 identifier in there so that veterans are
22 entitled to different benefits, so it's a
23 different pot of money it comes out of. It
24 saves money. And we've done some other

1 things to try to save money.

2 But we want to make sure at times of
3 need people receive what they're entitled to,
4 and we're just trying to figure out how this
5 is going to affect us going into 2021. I
6 know -- our understanding is nothing's going
7 to change for 2020, but 2021, in looking at
8 IGT funding for our nursing home and for our
9 hospitals is alarming. So these are a lot of
10 uneasy factors that we have to try to figure
11 out.

12 And we do look forward to trying to
13 work with the Senate and the Assembly and the
14 Governor's office, not just as the
15 organization of New York State Association of
16 Counties, but all the county executives here
17 in New York State. So I appreciate the time.

18 And I'm going to turn it over to Steve
19 Acquario to get into the details.

20 MR. ACQUARIO: Thank you, County
21 Executive McCoy.

22 Ladies and gentlemen, thank you for
23 having the counties, your regional
24 governments bringing the views of the

1 counties from around our state to the fiscal
2 committees of the State Legislature.

3 We have prepared testimony that we
4 have submitted to you, about 23 pages. I'll
5 just give you a few overriding remarks but we
6 will not read that testimony. But I do
7 encourage you and the staff to look through
8 that.

9 I want to say under the leadership of
10 Governor Andrew M. Cuomo and this esteemed
11 body, our state has a long history of
12 providing healthcare to those in need. And
13 this year almost every New Yorker has
14 healthcare. Our Governor has said that. We
15 have touted that, all of us, in this building
16 and around the state. It's a national model
17 and one that we should all be proud of.

18 But this comes with a cost, and that
19 is one particular area we would like to
20 highlight today. We have one overriding
21 message on behalf of the counties for you
22 this afternoon, and that is to keep the caps,
23 the local government Medicaid caps. They are
24 working. If the local Medicaid proposals are

1 advanced as proposed, we have no idea how
2 this will impact the local Medicaid cap
3 that's in place right now, the adherence to
4 the property tax cap around the state, how
5 much new local funding will be required by
6 the counties for the state's Medicaid
7 program.

8 The main goal for counties during the
9 state budget cycle is to protect local
10 property taxpayers and services by partnering
11 with you, our Governor, and the Medicaid
12 Redesign Team to preserve the local Medicaid
13 cap.

14 Over the past decade, the Governor and
15 the legislature have helped local property
16 taxpayers through a three-step process:
17 Imposing a local property tax cap, enacting a
18 local Medicaid growth cap, and limiting the
19 expansion of state-required spending unless
20 funding is provided, and limited cost shifts
21 from the state to local governments.

22 I'd like to talk about the Executive
23 Budget proposal. The Executive Budget
24 proposal includes three separate initiatives

1 that would impact the Medicaid local share
2 that counties and the City of New York pay in
3 support of the state program. The state is
4 booking \$150 million in new and recurring
5 local costs for the following three
6 proposals.

7 The first. The first proposal caps
8 the enhanced federal Medicaid assistance
9 percentage. The Executive Budget proposes to
10 cap the amount of federal savings that
11 accrues to the counties presently, and
12 New York City, from the Affordable Care Act.
13 As proposed, the savings would effectively be
14 transferred to the State Financial Plan.

15 Secondly, the proposal requires
16 counties and the City of New York to adhere
17 to a 2 percent property tax cap. If a county
18 or the city fails to stay under the tax cap,
19 then the jurisdiction would lose the value of
20 the Medicaid caps.

21 And third, adhere to the 3 percent
22 growth in local Medicaid costs. It appears
23 that if a county's local share and associated
24 savings exceeds 3 percent in any given year,

1 the county is required to refund any excess
2 benefit over 3 percent back to the state.
3 This provision is effective for state fiscal
4 year 2022 and beyond.

5 So just so you are aware, the
6 aggregate allowable property tax cap levy
7 growth for all of the counties in the state
8 is 104 million. This is well below the
9 150 million in Medicaid costs projected by
10 the state.

11 At this point in time I'd like to turn
12 it over to Greene County DSS Commissioner
13 Kira Pospesel, who will highlight the many
14 aspects of the Medicaid program that counties
15 do not control.

16 COMMISSIONER POSPESEL: Thank you,
17 Steve. I think this is working, thank you.

18 And thank you to this body. I'm
19 really excited to be here. I'm also a
20 registered nurse licensed in the State of
21 New York, and I'm very proud of that. So my
22 lens is a little bit different.

23 So first let me say that counties
24 really want to work with the state to control

1 the Medicaid costs. We truly are the boots
2 on the ground. We would love to have a seat
3 at that table and to have some amazing,
4 valuable input. We hope to restore some of
5 the cost-control functions that we have lost
6 over the many years that have been absorbed
7 either by OMIG, state contractors or
8 providers. There's an amazing contract out
9 there through OMIG that's called HMS. We
10 should really be working hand in hand instead
11 of some of the silly phone calls that we get
12 and a lot of waste of time. And I think
13 there's some amazing cost savings within that
14 contract.

15 Many enrollment assessment tools
16 counties utilized in the past to determine
17 Medicaid eligibility for long-term-care
18 services have been eliminated by the state,
19 ended as a result of either litigation or
20 centralized into web-based applications
21 controlled by the state.

22 A great example that was actually
23 developed by the Division of Long Term Care
24 is the UASNY system. You're looking at every

1 assessment for managed long-term care within
2 that system. Let's take a look at that data,
3 let's figure out what we're doing and let's
4 be great again with delivering services so it
5 can look the same from Manhattan to Erie
6 County.

7 Counties are actively putting together
8 lists of recommendations to the MRT team that
9 can improve efficiency and ensure the
10 integrity of the Medicaid program so it is
11 sustainable for future generations.

12 Two examples that folks haven't really
13 spoke a lot about is the child support
14 issues. The local districts have not seen a
15 lot of referrals since the exchange has been
16 up and standing. And simple things like
17 maybe putting edits on the Managed Care
18 Program so there cannot be any services
19 billed through fee-for-service. So we have
20 many other recommendations for that.

21 We actually remain very concerned that
22 even with the additional tools in place,
23 counties will still not be able to keep the
24 growth in their net savings under 3 percent.

1 And I'll just point out the things that we
2 read about in the daily news. You know, God
3 forbid we're hit with the coronavirus.

4 I'm currently looking at the
5 demographics of the Boomers; they want
6 healthcare delivered very differently, and
7 they should be able to stay and age
8 successfully in their homes.

9 And then of course the other big
10 issue, the cost of medications. If there's a
11 new cancer drug that's out there, we'd all
12 like to be able to use that.

13 In the years when the state Medicaid
14 costs were under control, in '14 and '15, we
15 certainly couldn't even keep our growth below
16 the 3 percent. Counties really do not have
17 any control over the total inputs to the
18 healthcare system. The examples of that is
19 the rate-setting methodology, the
20 minimum-wage increases that we've seen,
21 prescription drugs, durable medical
22 equipment, and of course new assistive
23 technology that we really want everyone to
24 have.

1 So in summary, we are motivated -- I
2 really want you to hear we're motivated,
3 we're excited, we're here to help. Use the
4 amazing expertise that's out there in the
5 local districts. And we are the boots on the
6 ground. Thank you.

7 CHAIRWOMAN WEINSTEIN: Thank you.

8 We go to Assemblyman Thiele, chair of
9 our Local Governments Committee.

10 ASSEMBLYMAN THIELE: Good afternoon.

11 Yes, I want to focus on the Medicaid
12 portion of this, certainly here at the
13 beginning. Do you have estimates based on,
14 say, 2019 or 2018 that if the Governor's
15 proposal with regard to the Medicaid cap,
16 what that -- what the fiscal impact of that
17 would be cumulatively to county governments?

18 MR. ACQUARIO: Well, it's very -- it's
19 a simple question, but a complex answer.
20 It's -- the true impact is unknown. The --
21 we need the same data that you need. We've
22 asked for that data from back from 2015 to
23 present day. Without that data, we cannot
24 accurately forecast what this would cost the

1 counties outside of New York City.

2 We can give you projections, but they
3 would need to be validated by the state,
4 working together between the counties and the
5 state. The complexity of the answer is in
6 any given year, it could spike 7 to 10
7 percent or be 1 percent. It depends on the
8 year. So if you looked at 2018, it would
9 cost the counties 250 million. There's your
10 answer. If you look at 2019, it would cost
11 the counties 125 million.

12 So in any given year, it responds
13 differently based on the needs of the people.
14 The long-term care costs, persons with
15 disabilities and other Medicaid recipients
16 within the county's jurisdiction.

17 ASSEMBLYMAN THIELE: Do you think a
18 3 percent Medicaid cap, using the number
19 3 percent, is that at all realistic? Is that
20 something we should be revisiting?

21 MR. ACQUARIO: I'll have you answer
22 that.

23 COMMISSIONER POSPESEL: No, I -- as a
24 nurse, I'm telling you that number is

1 absolutely absurd. All we need is just a
2 couple of crises in this country -- and, you
3 know, how would you even deal with that?
4 Talking about the new technology of
5 pharmaceutical things that are coming out and
6 the amazing strides that we've made in a lot
7 of childhood diseases and how we keep people
8 safe in their home for many, many, many
9 years.

10 So that cap is not realistic.

11 COUNTY EXECUTIVE McCOY: We also
12 looked at our numbers when we had the great
13 recession, '08-'09, till present time. And
14 we're at a historic low for jobs in this
15 nation. We've never been this low, this
16 unemployment rate has never been this low.
17 Things are going well.

18 Well, what happens when it goes in the
19 opposite direction? It's a trend, it's
20 eventually going to go that way. Them
21 numbers are going to go up. So there's no
22 way we'll be able to stay within that
23 3 percent cap.

24 Or at least put language in this that

1 if -- you know, like the commissioner was
2 saying, if we hit a natural disaster, which
3 we see, you know, the hundred-year floods are
4 now every, you know, five years now. You
5 know, the ice storms we just had. These are
6 things that we have to take into
7 consideration. And again, you know, you have
8 the coronavirus going on. Stuff like that
9 you have to take into consideration of what's
10 going to go on, who's going to need
11 assistance, who's going to pay for what.

12 So yeah, it's like looking into a
13 crystal ball and trying to figure out where
14 we're going to be any given year.

15 MR. ACQUARIO: But let's look at why
16 3 percent was put on the table. That's the
17 global Medicaid cap. We've got to get there.
18 We've got to keep the local share of the
19 Medicaid cap in place. And how do you do
20 that? We've got to keep spending at
21 3 percent or whatever Medicaid global cap
22 spend that you folks establish as part of the
23 State Legislature.

24 But we have to help the state. We

1 can't afford to lose the local Medicaid
2 growth cap. It would destroy the property
3 tax cap that you've all championed, that our
4 Governor has championed, and that nobody
5 wants to see the State of New York lose. We
6 have to work with the state to lower costs.

7 COUNTY EXECUTIVE McCOY: I just want
8 to make a point. What the cap has done for
9 me since I've taken over as county executive
10 since 2012, the last seven years, I haven't
11 raised taxes. It's been zero. The last two,
12 I gave a tax reduction.

13 What's proposed in front of me today,
14 I'm back to double digits. You know, I
15 commend the Governor what he did in 2011, and
16 this body. It really made a difference. And
17 it made us roll up our sleeves to stay within
18 the 2 percent cap and think differently from
19 years prior when I was in the legislature
20 versus being the county executive.

21 But if we go back to this huge extreme
22 and do a 180, we're going to be back to the
23 days that someone's going to have to raise
24 taxes to pay for these programs. And we

1 should, because people are entitled to it.
2 And we should give them the proper care. But
3 whether it's the state or the counties,
4 somebody's going to have to figure it out.

5 ASSEMBLYMAN THIELE: It was stated
6 earlier, I think it might have been by Mayor
7 de Blasio, but basically there's very little
8 that you control with regard to Medicaid
9 costs. And I believe you've amplified that.

10 But two of the things that were
11 brought up were the increase in costs of
12 healthcare, providing healthcare, and also
13 the increase in the number of people that are
14 now utilizing Medicaid, which I think we all
15 agree we want to see people covered. Of
16 those two, what would you say has been the
17 biggest cost driver? And you don't control
18 it, but you see it because you administer it.
19 What has driven costs the most of the items
20 that are out there?

21 COMMISSIONER POSPESEL: You know,
22 we're truly looking at the volume of the
23 program right now. There's less than
24 5 percent uninsured people in New York State,

1 are the numbers that I'm reading about. And,
2 you know, everyone wants to have a healthy
3 community. And we need to figure out how to
4 pay for this.

5 But I think that that volume, those
6 numbers that they were originally
7 calculating, they weren't the best numbers in
8 the world. You know, because -- you know, I
9 hear things, because there's growth in one
10 program or another -- well, we wanted growth
11 in certain programs. As a matter of fact,
12 when I looked at the demonstration projects
13 from the 1115 waivers, a fifth goal in that
14 particular program was to increase managed
15 long-term care. Now all of a sudden we stand
16 back and we blame the growth in managed
17 long-term care. But we can't behave like we
18 have schizophrenia or something. We have to
19 go one direction. We need to complete the
20 task. We want to have a healthy New York.
21 So let's get a healthy New York.

22 I became a commissioner in 2004,
23 before we had these caps, and I can tell you
24 how difficult it was to manage in county

1 government. I'd walk in the room and I was
2 the least liked person in every budget
3 hearing because my budget sucked up
4 everybody's dollars.

5 We didn't have services for children.
6 If this goes through, I can tell you it's
7 going to be the mad race to the bottom and
8 the county execs are going to have to -- not
9 automatically, not in Year 1, not in Year 2.
10 But by Year 3, 4, and 5 all those strides
11 we've made on the child welfare side are
12 going to be wiped out. Because the question
13 posed to me is going to be "What is not
14 mandated in your budget," and that is going
15 to be cut out.

16 And that's my worst fear, you're going
17 to -- we're going to be looking at a program
18 and we're going to cut out all these other
19 amazing services. And we're looking to
20 really do the right thing. And it's the
21 first time in my career -- I've seen amazing
22 services on the horizon for the child welfare
23 particular population that we serve.

24 ASSEMBLYMAN THIELE: Thank you.

1 One last question, and I'm going to
2 change the subject completely to criminal
3 justice reform and discovery in particular.

4 I've met with my county district
5 attorney, I've heard from law enforcement.
6 Has NYSAC -- do you have any estimates as to
7 what the fiscal impact for counties is
8 projected to be or is -- you know, that
9 you're now incurring based on having to
10 comply with the new discovery?

11 And again, I'm not -- in asking that
12 question I'm not saying it's good or bad, I'm
13 just recognizing that it costs money to
14 implement this. And to me, you know, it's
15 the classic unfunded mandate. That's why I'd
16 like to know the order of magnitude of that
17 unfunded mandate.

18 MR. ACQUARIO: Well, it's -- we don't
19 know. We could not give you an estimate.

20 I would like Dan McCoy from Albany
21 County to tell you what he faced in funding
22 that in the first year and how he had to
23 respond to the request of the district
24 attorney and from the administration, how he

1 had to respond to that. It's a very
2 difficult conversation that he had to have
3 with the district attorney, where does he
4 find this money.

5 But for a statewide estimate, we need
6 to go a full-year cycle. Before we truly
7 understand the fiscal impact of it, we have
8 to see what happens with the jail population,
9 was there in fact true savings, was there
10 reduced inmate population in the jail, or do
11 the fixed costs of that jail outweigh any
12 savings from a lower inmate population? We
13 don't know. We don't know what the inmate
14 medical care -- are there fixed costs there?
15 The lights have to be on in the facility,
16 can't turn off the lights, utilities -- a lot
17 of fixed costs there. So we have to go
18 through a cycle to find out the true fiscal
19 impact.

20 But Dan, let's have you talk about
21 that.

22 COUNTY EXECUTIVE McCOY: I'll try to
23 be quick.

24 The -- I believe, off the top of my

1 head, the district attorney wanted \$4 million
2 for this. I had a probation department that
3 my probation director was awesome, he said,
4 We'll figure it out. My legislature said,
5 You sure you don't want money? He goes,
6 Let's figure it out. Because we truly don't
7 know till we start going forward do we need
8 all this personnel, do we need to do all the
9 discovery, do we need extra people to do
10 clerical.

11 It's one of them things, like Steve
12 was saying, it's going to take time. So
13 everyone else is pretty much saying, all
14 right, we'll put some extra positions into
15 play, we'll see where it goes. But that was
16 an uncomfortable conversation. Our district
17 attorney does a great job in Albany County,
18 and yet I have to have that uncomfortable
19 conversation with another elected official,
20 Hey -- because I control the budget, right --
21 I can't give you \$4 million. How do you
22 justify 4 million?

23 So we knocked it down to about
24 400,000, set 300,000 to the side, so that if

1 he needs money as the year goes forward and
2 he needs new positions, the money will be
3 there.

4 But the full impact -- and if you look
5 at our jail, yes, our population dropped.
6 And we have a jail for a 1,025-bed facility
7 that's roughly at 900. It's less than 350
8 prisoners. But we have staffing for a
9 thousand.

10 It's going to take time. Not unless
11 you're going to lay people off. And I can
12 tell this body, I'm not laying anyone off.
13 So it's going to take time as people can
14 retire and move.

15 But any savings I have from my jail is
16 going to shift to probation, to the district
17 attorney's office, to DSS, to all the other
18 departments that have got to pick up the
19 slack with bail reform and Raise the Age and
20 everything else, because more money is going
21 into foster care now after you took money
22 away from foster care two years ago.

23 ASSEMBLYMAN THIELE: Thank you.

24 CHAIRWOMAN KRUEGER: All right, thank

1 you.

2 Senator James Gaughran.

3 SENATOR GAUGHRAN: Thank you, Madam
4 Chair.

5 Assemblyman Thiele I think really
6 started, you know, drilling down on this
7 whole Medicaid issue. But I guess I have a
8 question about the implementation of the
9 property tax cap itself.

10 Do you know how many counties stayed
11 within the cap last year?

12 MR. ACQUARIO: Well, last year I'm
13 going to say all of them. All of them,
14 Senator, stayed under the property tax cap.
15 That's not without tremendous sacrifice. And
16 what we are doing, building, maintaining,
17 operating, there are fixed costs that go up,
18 as you know -- health insurance, workers'
19 compensation costs, energy, utility costs, so
20 forth and so on.

21 But all of the counties stayed under
22 the property tax cap in 2019, and all of them
23 will stay under the property tax cap in 2020.
24 But as the county executive mentioned, things

1 happen during any given year, and tying
2 policy to losing state Medicaid relief from
3 the state should a county have a public
4 safety emergency, that's not good public
5 policy.

6 SENATOR GAUGHRAN: So do you have any
7 estimates, barring a public emergency, how
8 much Medicaid you think would rise throughout
9 all the counties?

10 MR. ACQUARIO: We need to see the data
11 from the state. The state has the data
12 showing the local-share cost, capped and
13 uncapped, from 2015, 2014, 2013, all the way
14 up to 2018. We just need to see a five-year
15 review.

16 The state has told us on average it's
17 2.4 percent growth. On average. Shouldn't
18 be a problem. Shouldn't be a problem. But
19 does that mean that Albany County didn't rise
20 by 7 percent in one year? He sure might
21 have. And Greene County might have as well.
22 But Saratoga might have come under,
23 Chautauqua might have come under. Each
24 individual county's share will go up and

1 down, and therein lies the problem.

2 SENATOR GAUGHRAN: Maybe I'll just
3 switch over to a couple of other things,
4 because you've got a lot of details here that
5 we could not get to. And we appreciate the
6 statement.

7 Cannabis. Do you have any concerns
8 about the current proposal as it relates to
9 making sure that our law enforcement have
10 both the law on their side with regards to
11 being able to charge somebody with driving
12 while impaired and the resources to be able
13 to train, you know, police departments?

14 MR. ACQUARIO: Well, with respect to
15 the policy itself of adult recreational
16 cannabis, that's a decision of state policy.
17 It's a very mixed reaction. For instance, in
18 Senator Borrello's district, Chautauqua,
19 they'd be very opposed to something like
20 that. But the further you go around the
21 state, there's different reactions. Long
22 Island might be different than the Capital
23 District here, all across the state.

24 The local government officials,

1 district attorneys, sheriffs, public health
2 officials, everybody has reactions to this.
3 The resources are important. I think, to the
4 Governor's credit, he and his staff have
5 crafted a very comprehensive proposal,
6 working together with the State Legislature,
7 on the legislative cannabis proposal last
8 year, trying to merge the ideas that the
9 Legislature negotiated last year and his
10 policies.

11 And I think the one change that we
12 would request would be just do a
13 point-of-sale sales tax. That way a rising
14 tide floats all boats, if you will. There
15 are districts around -- counties around the
16 state which share sales taxes one way or
17 another, and the point-of-sale sales
18 tax would be preferred, as opposed to the
19 2 percent wholesale tax that the Governor put
20 before you. So that would be the one change
21 that we would request.

22 SENATOR GAUGHRAN: And I guess,
23 finally, election law reforms. I see you
24 have a couple of paragraphs on it here. What

1 are the counties looking for moving forward
2 for this year? Recognizing that in prior
3 years you had to run three primaries in a
4 presidential year, and now you only have to
5 run two.

6 MR. ACQUARIO: Well, we're grateful
7 that you consolidated the primary. That was
8 the right thing to do.

9 And I'd like the county executive to
10 talk about Albany County and what went --
11 what happened with his budget.

12 We would request that you fund the
13 maintenance on a go-forward basis, not the
14 capital. The Legislature was very careful in
15 how you implemented early voting. The
16 expenditures that Suffolk County put into
17 early voting was substantial --
18 multi-millions of dollars over and above the
19 state assistance.

20 I think to judge the public on one
21 year of experience with this proposal is not
22 fair. And so eliminate any state funding
23 just based upon one cycle of elections -- I
24 think we'd have to let this go three, four

1 years before we see actually how it works and
2 what the impact was.

3 But we would request that you include
4 the 25 million as part of the funds that you
5 provided to us to operate the polls.

6 Dan, do you want to talk a little bit
7 about Albany?

8 COUNTY EXECUTIVE McCOY: I just -- you
9 know, from our standpoint the early voting
10 was a success, especially for the senior
11 population, rural areas of our community that
12 people don't get out to vote.

13 It's just like the census count. We
14 want everyone to be counted, but we want
15 everyone to vote. And it's about
16 convenience. And if we change a polling
17 site -- and our commissioners can do that
18 without our permission -- you wouldn't
19 believe the people that won't walk one block
20 to a new voting place because they've been
21 voting there for 30 years or 50 years. Or
22 they show up at the wrong polling place and
23 they're told they have to go somewhere else,
24 and they're like, Well, that's it, I'm not

1 voting.

2 So I have to agree with Steve, this is
3 something that is going to work, I think
4 we're going to get more New Yorkers to vote
5 throughout the state, and it's going to be a
6 huge success. But it's one of the things
7 that your body is going to have to critique a
8 little bit over the next year or two to
9 figure out what works and what doesn't work
10 and what is going to work for New Yorkers
11 going forward.

12 MR. ACQUARIO: I think early voters
13 drew new voters into the system for the first
14 time. And providing that choice for early
15 voting was a good move. And we appreciate
16 the Legislature providing the resources to
17 the counties.

18 SENATOR GAUGHRAN: Okay. Thank you,
19 Madam Chairs. Thank you all.

20 COUNTY EXECUTIVE McCOY: Thank you.

21 MR. ACQUARIO: Thank you.

22 CHAIRWOMAN WEINSTEIN: Thank you.

23 We go to Assemblyman Ra.

24 ASSEMBLYMAN RA: Good afternoon.

1 I wanted to go back to Medicaid for a
2 minute. So in any discussions you have had
3 with, you know, the Department of Budget or
4 internally, one of the things that the
5 legislation -- or the Governor has talked
6 about but the legislation seems to be silent
7 about is how the state would share a
8 percentage of the savings if they were to
9 limit the growth.

10 Do you guys have any understanding as
11 to how that would work?

12 MR. ACQUARIO: Kira, maybe you'd like
13 to respond?

14 COMMISSIONER POSPESEL: Sure.

15 Actually, up to this moment we have no
16 understanding. No one has explained it to
17 us. I've seen it in writing in a couple of
18 different spots about that 25 percent. I've
19 gone through that law myself several, several
20 times. I cannot see that language anyplace
21 in there. So it's very sad that I sit here
22 and tell you that no official has come and
23 explained to the local districts what any of
24 this actually means.

1 ASSEMBLYMAN RA: I guess at least
2 we're in the same boat on that one.

3 With regard to -- obviously we've
4 heard this several times today. I think many
5 of us in the Legislature agree that, you
6 know, the ability of counties, of the City of
7 New York to control the growth of Medicaid is
8 just not what reality is with regard to the
9 program.

10 But one of the things that has been
11 talked about is, you know, people enrolling
12 through the counties. Do you have any sense
13 of what the mix is of people who maybe, you
14 know, enroll through New York State of Health
15 as opposed to enrolling directly through the
16 counties?

17 MR. ACQUARIO: Yes, we do. It's about
18 57 percent -- well, it depends. If you're
19 metro New York City, it's as high as
20 85 percent state, 15 percent county. And you
21 come upstate, like Senator Seward's district
22 or Senator Borrello's district, more like
23 60 percent state, 40 percent local.

24 ASSEMBLYMAN RA: Great, thank you.

1 And then back to --

2 MR. ACQUARIO: Just to -- Assemblyman
3 Ra, just to give you another number here,
4 about 57 percent of the Medicaid
5 recipients -- there's about 6 million in the
6 State of New York -- 57 percent are in
7 New York City and 43 percent are in the rest
8 of the state. Just to give the body here an
9 idea of, you know.

10 ASSEMBLYMAN RA: Thank you.

11 And going back to the early voting,
12 you know, like you said, we're one year in.
13 Certainly I would agree that funding
14 something for a year and then pulling the
15 funding doesn't make it any less of an
16 unfunded mandate. Do you have any sense at
17 this point from, you know, all of the
18 counties in the state how that \$25
19 million looks in comparison to what was
20 actually expended? The numbers I've gotten
21 from my own county, in Nassau, were that they
22 had gotten maybe about a million and a half
23 from the state and spent maybe six or seven.

24 MR. ACQUARIO: Correct. And the same

1 as with Suffolk County. So the two
2 Long Island counties were probably spending
3 10, 12 million. They're just getting a
4 couple of million dollars back from the
5 state.

6 So look, I know the fiscal condition
7 of the state right now, so it's hard for me
8 to ask the state for anything with a
9 \$6 billion Medicaid deficit. But you have
10 to -- you have to work with the facts that
11 you have.

12 ASSEMBLYMAN RA: Sure.

13 MR. ACQUARIO: And we think that one
14 year -- one year cycle is not the time to
15 pull the plug. And I think that \$25 million
16 we would be grateful to have. What you did
17 before, do that again.

18 ASSEMBLYMAN RA: This is not a
19 question, but more of a statement. But, you
20 know, it's funny that last year initially
21 what was talked about was that the counties
22 would benefit from not having the separate
23 primaries -- which you wouldn't have had last
24 year anyway, so no county would have budgeted

7 So it's an interesting little mix on
8 top of it with the -- you know, the internet
9 sales tax, which has been mentioned as
10 something that should help pay for this,
11 should pay for bail reform, and as well as
12 pushing it towards making AIM payments the
13 state was previously responsible for.

18 MR. ACQUARIO: Thank you, Assemblyman.

20 We were joined by Assemblywoman
21 Woerner, and we go to Senator Seward.

24 I wanted to pick up where Assemblyman

1 Ra left off in terms of you mentioned the AIM
2 funding that was changed last year for
3 villages and towns to be -- a portion of that
4 to come through the county sales tax
5 receipts. And there was talk last year about
6 a windfall for the counties through the
7 expanded internet sales taxes.

8 My question is, number one, have you
9 seen such a windfall or have the counties
10 seen a dramatic increase in their sales tax
11 because of the internet sales? And number
12 two, how is that working in terms of the AIM
13 funding channeling through a portion of your
14 sales tax?

15 MR. ACQUARIO: Well, I'll give some
16 observation, but first we'll hear from the
17 county executive and then I'll give a global
18 reaction.

19 COUNTY EXECUTIVE McCOY: From our
20 standpoint, we are still trying to figure out
21 how much internet sales tax revenue we're
22 really going to receive. We hear it's a good
23 number, but we have not seen it and we're
24 still trying -- we haven't. We got some

1 preliminary numbers, but not enough to say
2 yes or no.

3 The AIM funding -- you know, it's a
4 state program. Why are we paying for it?
5 And if this money is going to come in -- I
6 look at my brick-and-mortar stores in this
7 county that are struggling, they're the ones
8 paying the high taxes, they're the ones
9 paying unemployment, they're the ones paying
10 workers, they're the ones that are giving
11 kids their first opportunity for their first
12 job exposure, not some little company in Ohio
13 or California which I really don't care
14 about. I care about my local stores.

15 So that money that's coming in is kind
16 of offsetting that. Because if you look at
17 the trend over the years, that's going down
18 and we've been losing all this revenue
19 through the internet for years. Why the
20 state -- we're one of the last states in this
21 nation to jump on board for that.

22 I don't mind, you know, sharing it, to
23 a degree, but I shouldn't be paying for
24 programs that we never started. And then it

1 pits me against my other elected officials in
2 my county, because I only have a couple of
3 recourses. I can change the sales tax
4 formula, I can push down college tuition to
5 them, do the same thing that happens to us,
6 and I could be okay. But that's not the
7 right thing to do.

8 You know, we're all in this. We all
9 represent the same taxpayers. And that's why
10 we -- you know, Steve and NYSAC and us, we're
11 trying to work so hard -- Senator, we
12 understand you have a \$6.2 billion deficit.
13 We want to work with you. But to a point
14 where, you know, we've finally gotten our
15 houses in order and we're going forward, and
16 this is going to throw us for the biggest
17 loop ever. Ever.

18 MR. ACQUARIO: Senator, just a direct
19 response back. It's not been a windfall.
20 There is no windfall of extra sales tax
21 receipts coming in through the internet.

22 And with that said, it needs to take
23 some time. It needs to take a few cycles, a
24 few years. It will come at some point in

1 time, a rise. It's about 10 percent -- or
2 1 percent of the total sales. So it's a
3 very, very small section of sales tax
4 receipts. But that small section is growing
5 by double digits every year. So it needs to
6 take a few years to increase.

7 But also, you're going to lose the
8 brick and mortar. So the counties will lose
9 brick-and-mortar receipts while internet
10 sales tax goes up.

11 SENATOR SEWARD: I'm sure you would
12 agree with me that if the AIM funding, which
13 traditionally has been state resources
14 distributed to cities, which it still is, and
15 towns and villages, wouldn't it make sense,
16 rather than have this convoluted system of
17 channeling it through county sales tax, to
18 let's get AIM funding back to where it should
19 be and has been in the past, and that is from
20 state resources?

21 MR. ACQUARIO: Absolutely.

22 (Laughter.)

23 SENATOR SEWARD: That's the -- that's
24 the answer. I kind of suspected you would

1 agree with me there.

2 Now, I just wanted to also shift gears
3 over to unfunded mandates. I mean, the --
4 traditionally, the Senate in the past has
5 advocated for mandate relief and opposing
6 unfunded mandates.

7 Last session gave us the discovery and
8 the bail reforms, which I believe without
9 question, from all my discussions with my
10 counties and other local municipalities,
11 that's costing them money. The early voting,
12 in the voting there was some monies last year
13 to cover some of the infrastructure costs
14 there in the early voting. That needs to be
15 continued.

16 Are there other significant unfunded
17 mandate proposals in this budget proposal
18 that you would like to bring to our
19 attention?

20 MR. ACQUARIO: Well, the -- I think
21 that the -- it remains to be seen on the
22 public health side with lead inspections.
23 What happened last year is a very serious
24 mandate for us to be inspecting houses,

1 apartments for elevated levels of -- in blood
2 for lead exposure. I would say that's the
3 biggest one that we see right now, is funding
4 that lead abatement program in our public
5 health departments.

6 The current proposal by the Governor,
7 you know, I think they try to be very
8 careful, the Governor tries to be very
9 careful about shifting costs. There was
10 another TANF cut to New York City, and
11 usually what happens to New York City, that's
12 first and then the second shoe is the
13 counties are next. So we typically don't
14 like to see the city get caught because they
15 do the same function as Otsego County would.
16 It would be the next year where we would get
17 cut.

18 But on balance, we're really focused
19 like a laser on the Medicaid. We have got to
20 focus our energy on partnering with the state
21 on redesigning and reforming Medicaid.

22 COUNTY EXECUTIVE McCOY: Senator, just
23 one more thing we're a little concerned about
24 too, and it's -- again, it's like we're

1 trying to prioritize everything -- is the
2 STAR exemption. Now, if someone falls behind
3 in their taxes and they don't pay their
4 taxes, we have to inform the state and
5 they're going to pull their STAR exemption.
6 That's going to put them farther behind.

7 But the concern I have is we keep our
8 towns, cities and villages whole, school
9 districts -- we pay them taxes. So now do I
10 have to pay the difference for the STAR
11 exemptions? We're trying to get
12 clarification on that. So if you yank STAR
13 from them, do I have to pay that?

14 SENATOR SEWARD: Thank you.

15 CHAIRWOMAN WEINSTEIN: Thank you.

16 We go to Assemblyman Jacobson.

17 ASSEMBLYMAN JACOBSON: Let's see if
18 this is on now. Is it on now? Yeah. Okay,
19 good.

20 Thank you, Madam Chair.

21 I represent parts of three counties --
22 Orange, Dutchess and Ulster. And the
23 officials there basically say the same thing,
24 that they would not have enough -- they don't

1 have enough flexibility to really find any
2 additional savings because the rules are set
3 by the federal government and the state.

4 Do you agree with that? What do you
5 think as far as trying to save expenditures
6 that the Governor is saying you can do?

7 COMMISSIONER POSPESEL: You know, what
8 we're really thinking is that if we are able
9 to have a bite at that apple, we do have some
10 good ideas. And we think that we could
11 participate in that. We have no idea what
12 the savings would be, but we would like to be
13 a partner and have a seat at that table and
14 really field value for that input.

15 The people at the local districts have
16 worked there for a whole career. They see
17 what's going on on a daily basis. And there
18 is some potential waste in the programs. you
19 know, state government is very large. County
20 government is large at times. But we see
21 that there are some places that we can make a
22 difference.

23 So I think that there definitely is
24 some savings. I don't know if it's in the

1 billions, but there is definitely something
2 there. And we really want to give it a good
3 try.

4 ASSEMBLYMAN JACOBSON: And if -- what
5 would you anticipate the increased
6 expenditures in Medicaid for the next couple
7 of years, on a -- percentagewise?

8 COMMISSIONER POSPESEL: We're -- the
9 early numbers we've seen is everybody is
10 pretty much 5 to 6 percent per year are the
11 numbers that we see.

12 I personally think that those numbers
13 are low. There's a lot of things going on in
14 healthcare, healthcare is changing at a rapid
15 rate. It's the most expensive thing that we
16 have. So a lot of times I see numbers that
17 come from DOH are low.

18 Now, I don't know if it's because the
19 caseload numbers are so deflated at times.
20 The data that we see at this point, the local
21 districts are only given data six months
22 after it happens. So right now I know for
23 Greene County what the Exchange numbers are,
24 but the data is six months old when I receive

1 it.

2 ASSEMBLYMAN JACOBSON: And I don't
3 know if Albany County owns a nursing home.
4 Do you still?

5 COUNTY EXECUTIVE McCOY: We do. We --
6 Assemblymember, we just invested \$90 million
7 redesigning our whole nursing home. And
8 actually we were losing a million dollars a
9 month. With the help of the IGT funds and
10 everything that we've done, we'll be in the
11 black next year.

12 But under the proposal that may be
13 coming out, out of this budget for IGT
14 funding for hospitals and nursing homes, it
15 could be back to the point of saying we can
16 no longer be in the business because we'll be
17 spending up to \$20 million again at our
18 nursing home.

19 ASSEMBLYMAN JACOBSON: What would you
20 expect layoffs to be?

21 COUNTY EXECUTIVE McCOY: It's not even
22 the layoffs. I mean, it's just -- it's going
23 to be tough because we've got a 250-bed
24 facility and, you know, we'd have to look at,

1 you know, can I raise enough money to pay the
2 bills that we were paying before we went
3 through and rolled up our sleeves and worked
4 with 1199 and NYSUT and all the great unions
5 out there, you know, and our nursing home
6 director, and found a new -- working with my
7 legislature, we made it work. And it's
8 2 million this year. We've gone down from
9 20 million to 2, and next year it will be
10 zero for the taxpayers of this county.

11 But if you mess with the IGT funding,
12 it's going to be a game changer. And I'll be
13 back to try and figure out where I'm going to
14 be at.

15 ASSEMBLYMAN JACOBSON: Thank you.
16 That's all I have.

17 CHAIRWOMAN WEINSTEIN: Thank you.
18 We go to Senator Borrello.

19 SENATOR BORRELLO: Thank you,
20 Madam Chair.

21 Well, coming off as a county executive
22 just two months ago, I can certainly, I think
23 more than anybody in this room, sympathize
24 with what you're going through. And first of

1 all, let me say thank you very much for the
2 advocacy that NYSAC does on behalf of
3 counties.

4 I was insulted, to say the least, when
5 I heard the Governor proclaim that the
6 counties had blank-check syndrome when it
7 comes to Medicaid. Quite frankly, if state
8 government ran as officially as the average
9 county government, we'd have no \$6 billion
10 deficit and we'd be providing better services
11 more efficiently.

12 So again, I think that that's quite a
13 swipe at the counties that really, at the end
14 of the day, are delivering the services that
15 our taxpayers truly want and need.

16 My question is to go back to Medicaid.
17 I know in Chautauqua County, where I'm
18 from -- and as I said, I was county
19 executive -- 50 cents of every property tax
20 dollar paid to Chautauqua County covers just
21 the local share of Medicaid.

22 My first question is -- and I know
23 these numbers are as high as 100 percent in
24 Erie County, for example. So do you have an

1 idea on average, number one, of what
2 percentage of property tax dollars that are
3 paid go to pay that local share of Medicaid
4 that we're the last state in the nation, by
5 the way, that burdens local county
6 governments with?

7 MR. ACQUARIO: So it varies. And to
8 Governor Cuomo's credit, he has implemented
9 this hard cap, and that's made a huge
10 difference for the counties and their
11 property taxpayers. And Governor Pataki
12 started it in 2005. It works.

13 That's why you must fight to keep
14 these Medicaid caps. They work. They
15 stabilize property taxes. In Erie County,
16 for example, they collect \$200 million in
17 property taxes and they pay \$200 million in
18 Medicaid expenditures. For other counties,
19 it ranges from 70 percent -- but that number
20 is going down over the years.

21 But the problem for the Governor and
22 the state is the state share of that is going
23 up, and that's why he's trying to reduce
24 those expenditures. But for counties, it's

1 been a lifesaver, enabling counties to not
2 raise property taxes and be able to provide
3 local services.

4 SENATOR BORRELLO: Well, I personally
5 believe that 100 percent of the cost of
6 Medicaid should be borne by the state,
7 because quite frankly we're never going to
8 see true reform if the state's not having to
9 be responsible for 100 percent of the bill
10 that they control 100 percent of.

11 But also, to that same effect, when
12 you start talking about Medicaid reform --
13 and personally, I think that if the Governor
14 really wants to put together a Medicaid
15 Redesign Team, he could choose people from
16 the 49 other states that have a lower cost of
17 Medicaid than New York. That would be a
18 great way to start.

19 But as far as this 3 percent cap, I
20 see this as, you know, like when you buy a
21 product and there's a manufacturer's rebate
22 and the manufacturer knows that a certain
23 percentage of people just aren't going to
24 fill out the form correctly or, you know, dot

1 all the Is and cross all the Ts to get the
2 rebate. So I feel that the Governor is
3 banking on certain counties not being able --
4 again, because they can't control the growth
5 rate, because they don't control the
6 program -- of exceeding that 3 percent and
7 covering that cost. And that's how he's
8 going to close this gap.

9 And my question to you is -- and I
10 know this is a difficult thing to answer, but
11 what do you think's going to happen? How
12 many counties do you think are going to be
13 able to stay below that 3 percent just as a
14 -- globally, you know?

15 MR. ACQUARIO: Half will and half
16 won't.

17 SENATOR BORRELLO: So 50 percent --

18 MR. ACQUARIO: That's the problem.

19 SENATOR BORRELLO: So 50 percent of
20 the counties then are going to -- are
21 essentially going to end up covering that
22 cost of the Medicaid program that's
23 100 percent controlled by the state.

24 MR. ACQUARIO: Yes. Kira, would you

1 like to add anything further on that?

2 COMMISSIONER POSPESEL: Yeah. And I
3 think there's going to be so many unintended
4 consequences. We're going to have border
5 wars with our homeless population, and it's
6 going to seep into all those other
7 populations that we serve. And we all work
8 very well together at this point. The SSI
9 population, wherever they go, that that
10 Medicaid is turned on. So it becomes much
11 more complicated, and it truly becomes the
12 race to the bottom.

13 SENATOR BORRELLO: Well, I agree. And
14 also, you know, we start talking about
15 unfunded mandates.

16 The only things that aren't mandated
17 for county governments are the services --
18 you know, things like senior citizens
19 services and veterans services. You know,
20 these are the kind of things that will have
21 to be cut if the Medicaid costs skyrocket
22 unexpectedly. You know, these are the things
23 that, you know, our folks again need. Our
24 most vulnerable citizens will be at risk if

1 we don't figure out a way to stop this from
2 happening.

3 COUNTY EXECUTIVE McCOY: Senator, I
4 totally agree. And first and foremost, I
5 said that to the Budget Director. I go,
6 we're like the last state in this nation --
7 because being president of the County
8 Executives of America, and I've met with
9 county executives from all over this country,
10 I'm like, we're the last ones that pay for
11 this. And if we're not doing it right, take
12 it back, we'll figure out what the sales tax
13 cut is, and I'll be more than happy to give
14 you -- I'm speaking for myself, not for
15 Steve. I'd be more than happy to give it
16 back.

17 SENATOR BORRELLO: Amen.

18 COUNTY EXECUTIVE McCOY: But the --
19 yeah, I'll let it go at that. Thank you.

20 (Laughter.)

21 CHAIRWOMAN WEINSTEIN: Thank you. We
22 go to Assemblywoman Woerner.

23 ASSEMBLYWOMAN WOERNER: Thank you,
24 Madam Chairperson.

1 I want to continue on the conversation
2 on Medicaid. I represent two counties,
3 Saratoga and Washington County -- very
4 different, both demographically as well as
5 economically. I asked them to do a five-year
6 look-back at their Medicaid increases to do
7 an analysis of what would happen if the
8 Governor's proposal was implemented. And it
9 was a very interesting analysis, because of
10 the five years, three of the five years they
11 were above -- way above, like double digits
12 above -- 3 percent, and then two of the years
13 they were actually decreases, they were below
14 zero.

15 So that tells me that we don't -- that
16 the counties don't have a great deal of
17 control over their Medicaid spending. And
18 short of controlling how many hours a day
19 their office is open to take new enrollees,
20 do you think that the ideas that you have,
21 that if you had a seat at the table that you
22 would put forward, would be of sufficient
23 strength to bring things down to a consistent
24 3 percent or less in terms of increases?

1 COMMISSIONER POSPESEL: There's no
2 guarantees. I think it's going to bring down
3 the cost of the program. But when you talk
4 about the growth in the program, that's
5 something totally different with the timing.
6 When I look at it, even in Greene County,
7 it's the roller coaster effect. When we sit
8 down and we do a budget, I have to guarantee
9 something's going to happen. So that's why I
10 keep saying it's the mad chase to the bottom,
11 because they want to -- they're looking to me
12 to answer the question, and I truly have no
13 idea.

14 In 2004 those weekly shares would come
15 in, they used to come in via fax every week.
16 And, you know, they could go from \$80,000 to
17 \$434,000. And my boss, who was the most
18 mildest-mannered person you would ever meet
19 in your life, basically said to me one day:
20 "And what am I supposed to do with that?"
21 And that was a great question, because I
22 really didn't know at that point.

23 But to answer your question, do we
24 have an idea to keep it below 3 percent? I

1 don't know. I'd love to meet that person.
2 I'd love to have dinner with that person.
3 But I know of no one who potentially could
4 guarantee that costs could stay below
5 3 percent when we're continuing to enroll in
6 the volume that I've seen in the last couple
7 of years.

8 ASSEMBLYWOMAN WOERNER: So it's
9 reasonable to say that there are
10 opportunities to address some fraud and some
11 waste in the system, but probably not
12 predictable enough to keep everybody under
13 3 percent.

14 COMMISSIONER POSPESEL: No. No. And
15 county government really, for a budget
16 methodology, we need something predictable
17 that we can make decisions at least 12 months
18 in the future about to even do what we do on
19 a daily basis.

20 ASSEMBLYWOMAN WOERNER: Great. Thank
21 you very much.

22 Turning attention to Code Blue, the
23 Governor has put a \$13 million stand-alone
24 appropriation to cover Code Blue services

1 across the state. Does the Association of
2 Counties have an estimate of what the cost of
3 Code Blue services are across the state?

4 MR. ACQUARIO: Well, let me go to the
5 commissioner first.

6 But I did want to acknowledge the
7 Governor and thank him for putting this money
8 in the budget. It was his executive order
9 that started this a few years ago, and we're
10 very grateful for the state assistance.

11 But I'll ask the commissioner to
12 respond more broadly about overall costs.

13 COMMISSIONER POSPESEL: So at our
14 winter conference we did have a presentation
15 from OTDA and OCFS, just minus the Department
16 of Health this particular year, and we did
17 the question about the 13 million. And the
18 answer we got is that is what the real cost
19 was last year. So that's our understanding,
20 that was a real cost.

21 ASSEMBLYWOMAN WOERNER: Okay. So it
22 is based on actuals from last year.

23 COMMISSIONER POSPESEL: That's how
24 they answered the question.

1 ASSEMBLYWOMAN WOERNER: Okay. Thank
2 you very much. That's all I have.

3 CHAIRWOMAN WEINSTEIN: So thank you
4 for being here. I think those are all the
5 questions we have for you at this time.

6 MR. ACQUARIO: I just want to
7 acknowledge Senator Seward and thank him for
8 your many years of service to county
9 governments, to the people in your district.
10 You have a very large district and a very
11 large responsibility, but your commitment and
12 passion for public service is second to none.

13 Thank you, sir.

14 SENATOR SEWARD: Thank you, sir, for
15 those kind words.

16 COUNTY EXECUTIVE McCOY: Thank you,
17 everybody. Appreciate the opportunity to
18 come down here and testify.

19 CHAIRWOMAN WEINSTEIN: Thank you. I'm
20 sure we'll continue to have discussions as
21 the budget negotiations continue.

22 Next, Association of Towns of the
23 State of New York, Gerry Geist, executive
24 director.

1 MR. GEIST: Good afternoon, Chairman
2 Weinstein.

3 My name is Gerry Geist. I'm the
4 executive director of the Association of
5 Towns. And sitting next to me on my right is
6 our legislative director and counsel, Sarah
7 Brancatella, and to my left is our chief
8 counsel, Lori Mithen-Demasi.

9 And I want to thank all the members of
10 the Legislature who are here tonight to hear
11 our testimony.

12 As you all know, we represent over
13 933 towns serving 9 million residents, almost
14 half the state's population. Towns mirror
15 how diverse New York State is. Towns on
16 Long Island such as Hempstead and Brookhaven
17 have over 400,000 people -- Hempstead has
18 almost 800,000 -- and other small towns in
19 upstate New York can be as small as
20 36 residents. Having said that, towns play a
21 critical role and provide essential services
22 to all New Yorkers.

23 We understand this year the state
24 faces another difficult budget year, but even

1 in the halcyon days the state has
2 demonstrated time and time again that they
3 have not been the strongest partner for local
4 governments. The CHIPS base has remained
5 flat since --

6 CHAIRWOMAN WEINSTEIN: Hold on one
7 second. Can people exit quietly? We can
8 hear your voices here.

9 MR. GEIST: Thank you. The CHIPS
10 program has remained flat since 2013.
11 Ninety-two percent of the towns lost AIM
12 funding coming from the state, and even that
13 has been flat since 2008. Once again,
14 Extreme Winter Recovery funding is not
15 included.

16 The success of so many programs of the
17 state depend on local government and the
18 services they render each day to their
19 constituents. There must be a reciprocal
20 commitment from the state to help fund those
21 services and have those costs not shouldered
22 by property taxes and the taxpayers. We are
23 already working hard under the tax cap, and
24 these expenditures being flat and taking

1 monies and shifting them from one pot or
2 another don't help us.

3 This year should be the year the State
4 Budget includes the Extreme Winter Recovery
5 funding and an increase in the CHIPS base,
6 and a time to readdress and put back AIM
7 where it should be -- back in the state's
8 lap, and not under this convoluted sales tax
9 formula.

10 But there are four proposals in the
11 Executive Budget that steamroll over local
12 government, home rule, and sovereignty. The
13 Executive Budget does this, and even though
14 town resources are contemplated to be used in
15 these significant programs. They are
16 cannabis, siting of small-cell wireless
17 facilities, e-scooters and bikes, and believe
18 it or not, court restructuring.

19 But let's talk about cannabis first.
20 There should be a local opt-out. The portion
21 of the sales revenue must cover what the
22 town's services use for cannabis' successful
23 implementation and operation.

24 This is not only a matter of home

1 rule, but who's going to enforce this
2 program, who's going to monitor it and choose
3 the sites.

4 And the Governor's proposal of the
5 local option, allowing counties and cities
6 with a population over 100,000 can only opt
7 out, disregards that there are many large
8 population centers that are towns but have
9 over 100,000 people -- the ones I mentioned
10 in Long Island and Amherst, for another
11 example, out in Erie County. Why shouldn't
12 they be included? Regardless of size, local
13 option at the town level is critical.
14 Police, emergency services, fire protection,
15 code enforcement all need to be characterized
16 and part of the local government operation.

17 And we feel the sales revenue to cover
18 those operations should be given directly to
19 the towns and not through this -- just given
20 to the counties. And there should be a
21 dedicated portion of sales tax revenue to
22 towns.

23 Now let's talk about small-cell
24 wireless facilities. This proposal flies in

1 the face of home rule, as it overrides local
2 decision-making and municipal right-of-ways.
3 We object to it on so many grounds. It
4 limits the towns' abilities to raise revenue,
5 caps application and rental fees, undervalues
6 municipal property, doesn't permit a fair
7 review of the process, and under the plan we
8 can't even negotiate for a better rate.

9 Not only is the proposal bad for
10 towns, but there's no pressing need for this.
11 In 2018 we pointed out that California had
12 the same type of proposal; Governor Brown
13 vetoed it, saying it's unfair to local
14 governments and they should have a seat at
15 the table.

16 This proposal that the Governor put in
17 his budget really mirrors the FCC order which
18 is on appeal in the 9th Circuit Court of
19 Appeals, where many municipalities across the
20 country have weighed in to oppose this FCC
21 ruling.

22 In fact, the Executive Budget goes
23 even further than the FCC order in favor of
24 the industry, because it has a default

1 approval provision if a decision is not
2 rendered within 60 days. For many
3 communities the town board will meet once a
4 month and then if they refer it out to the
5 planning board and wait for a review, which
6 is what you should do, we'll lose the shot
7 clock.

8 That's why there's legislation in
9 Congress that seeks to override this FCC
10 order. We should just wait until we get a
11 ruling on where this matter is going, but
12 it's of grave concern to us.

13 Now let's talk about the court
14 restructuring plan. You know, on first
15 glance it appeared that it didn't affect
16 local government. Well, you have to read the
17 details. The language in this legislation
18 looks like to me like an opening to eliminate
19 town courts. Why do I say that? Because the
20 proposal gives counties the authority to ask
21 the State Legislature to create a municipal
22 district court that would be countywide or
23 cover two or more towns.

24 If this district court gets created,

1 it will make the town justice court
2 redundant, because they have concurrent
3 jurisdiction under this language of the
4 legislation.

5 The Legislature already has the
6 authority to adopt legislation abolishing
7 justice courts. So when they create the
8 municipal district court, this would only
9 seem to me to eliminate justice courts.

10 So what we're saying about this
11 legislation is we've got to be careful. And
12 I can tell you the State Magistrates
13 Association is against this legislation.
14 We're opposed to this legislation as it
15 affects local justice courts.

16 Now, e-scooters and bikes. Under this
17 proposal, if a county opts out, then a town
18 will not be able to allow e-scooter and
19 bicycles to operate within their town.

20 Towns involved in the administration
21 of e-scooters and bikes would -- these
22 operations would only be on town streets.
23 The legislation talks about roads with
24 30-mile speed limits. Most county roads are

1 stated at 50 miles an hour. So who do you
2 think is going to get the impacts of this
3 legislation? Towns. And we are in charge of
4 adjudicating most vehicle and traffic
5 violations.

6 Why would the county be vested with
7 authority over a local issue that this
8 impacts local services? We want to make sure
9 that if this gets adopted, we have a fair
10 shake, we have a seat at the table, that the
11 fines for these activities go back to the
12 towns, and making sure that this is a fair
13 process. And once again, the towns are
14 looking for a seat at the table.

15 If these proposals in the Executive
16 Budget are adopted and passed without the
17 towns participating, really what you're
18 saying is this is an unwarranted intrusion of
19 our sovereignty, our home rule, and the way
20 we do our business.

21 And we're asking for your assistance
22 to make sure that the local governments and
23 the towns have a fair seat at the table and a
24 part of the process. We want a seat at the

1 table, we feel we could be helpful, and we
2 provide the essentials on a daily basis to
3 our residents.

4 Thank you very much.

5 CHAIRWOMAN WEINSTEIN: Thank you.

6 We go to Assemblyman Thiele, chair of
7 Local Governments.

8 ASSEMBLYMAN THIELE: Good evening,
9 everybody. How are you?

10 MR. GEIST: Good evening.

11 ASSEMBLYMAN THIELE: Thank you for
12 your patience in waiting to testify this
13 early Monday evening.

14 I wanted to talk about some of the
15 home-rule issues that you raised,
16 particularly with regard to cannabis and with
17 regard to e-bikes and e-scooters.

18 First, as you said, I think in both
19 cases the authority to be able to opt out is
20 given to the counties. Would the Association
21 of Towns support both -- would you be
22 supporting these proposals if towns had the
23 ability to opt out?

24 MR. GEIST: We would support it if it

1 would allow the towns to have the opportunity
2 to opt out and we would get a share of the
3 revenue.

4 ASSEMBLYMAN THIELE: And the revenue.

5 How would you handle a situation
6 where, you know -- take Suffolk County, for
7 example, because that's the one I'm from --
8 you have 10 towns in the county, and there
9 was a conflict between the county wanted to
10 opt out but you had towns that wanted to stay
11 in? How would you handle the conflict among
12 local governments in that situation?

13 MR. GEIST: Well, that's exactly the
14 issue we're concerned about. Right? And we
15 feel that if the legislation as written
16 permits counties to opt out and cities with
17 over 100,000, in Suffolk County and Nassau,
18 why are towns excluded? We have more people
19 than most of these cities in these towns.

20 So I think that the best way to answer
21 your question is it's the due process and the
22 way it's handled is the problem, not the
23 conflict.

24 I think that if we were sitting as

1 reasonable people, had an opportunity to
2 negotiate and work it out, I think we can
3 find a workable solution. But right now the
4 Executive Budget doesn't allow us to have
5 that opportunity.

6 ASSEMBLYMAN THIELE: The other topic
7 that I just wanted to talk about a little bit
8 was CHIPS. This seems to be an annual battle
9 about providing adequate funding for local
10 bridges and local roads.

11 I've had the opportunity in recent
12 weeks to travel across a fair portion of the
13 State of New York. And I'm not just talking
14 about local infrastructure, but I just think,
15 in general, local highways, local roads --
16 and of course we're in the midst of winter
17 when they're taking their worst beating. But
18 I just think our local highways, our local
19 bridges, roads, in spite of the best efforts
20 of local governments, that the lack of
21 funding and the lack of state support for
22 this has resulted in a -- just generally
23 speaking, our infrastructure being in pretty
24 deplorable condition, with local governments

1 with tax caps, et cetera, you know, really
2 having a limited ability to handle this by
3 themselves.

4 And again, this is another year where
5 the extreme weather funding is not in the
6 Executive Budget. There hasn't been an
7 increase in basic CHIPS in quite some time.
8 You know, this is the leading question of all
9 leading questions, because I obviously
10 believe that there needs to be increased
11 funding for infrastructure.

12 But do you have a sense, at least
13 based on towns, about, you know, how much of
14 an increase and really, shouldn't we be
15 looking at this as a multiyear issue as far
16 as trying to provide funding for our local
17 infrastructure?

18 MR. GEIST: Well, thank you for those
19 comments, because it couldn't be more true.
20 For us, the issue of the roads is vitally
21 important to our communities.

22 When I was a town official, my highway
23 department used to tell us that it would take
24 10 years -- every 10 years, a road would have

1 a look in the mirror and say we need to
2 address these issues which are critical to
3 our communities for people to get to school,
4 people to get to work, and make it safe for
5 our residents.

6 ASSEMBLYMAN THIELE: Just one last
7 question with regard to the justice courts,
8 the town justice courts. And I guess this
9 would affect village justice courts too,
10 right, for villages that have their own
11 justice courts.

12 You know, I live in a part of
13 Long Island that has towns and village
14 justice courts, and it is -- you know, it's
15 one of the -- people don't generally love
16 government as a general premise, but having
17 those local courts is something where I do --
18 you know, it's the people's court. People
19 feel as if they get justice there, and
20 they're accessible. I think the main thing
21 is that they're accessible to people that
22 need to access the courts.

23 So as I understand this proposal,
24 then, the county legislative body would have

1 the authority as to whether or not to create
2 a -- explain it to me maybe a little bit more
3 clearly how one of these municipal courts --
4 district courts would get created.

5 MR. GEIST: So the legislation was
6 originally outlined to be a revamping of the
7 County Court, the Family Court, the
8 Surrogate's Court, and having it all grouped
9 together.

10 But a careful reading of the entire
11 proposal talks about this municipal court
12 being created by the county. The county
13 would have to ask the state's permission to
14 create a municipal court, which would have
15 concurrent jurisdiction with justice courts.
16 Well, you don't have to be a rocket
17 scientist. Once you hear the word
18 "concurrent jurisdiction," then you would --
19 that's the opening to getting rid of justice
20 courts.

21 And here's the other thing about my
22 experience in justice courts and village
23 courts. For the things that you have cited,
24 they're local. For many people, that may be

1 the people's only opportunity to ever see how
2 a court system works. The judges are local,
3 the court staff is there, they handle
4 people's problems. And it's -- and they've
5 done a great job.

6 And it's always been a hallmark of my
7 town in Westchester how well our justice
8 courts have performed and how well that they
9 maintain their calendars, bring in revenue,
10 and meet the needs of the citizens, whether
11 they're V&T cases, code enforcement, dog
12 cases or small civil disputes. But that's a
13 hallmark and tenet of local justice courts.

14 And I really don't think there's any
15 reason that the Executive Budget should
16 interfere with that whole process. It has
17 nothing to do with the trial courts in the
18 Supreme, Family, County, Surrogate's. And
19 why are we mixing this all up? And -- and --
20 and that's why we think it's an unfettered
21 intrusion into our affairs.

22 ASSEMBLYMAN THIELE: I would submit
23 that if anything, because these local courts
24 are accessible -- I don't know the last time

1 when the jurisdictional limits for justice
2 court were increased, but it was a long, long
3 time ago. I think it's \$3,000, and I think
4 they've been there for a long, long time.

5 So if anything, you know, those are
6 the kinds of things I think we should be
7 looking at when it comes to the local courts.

8 Thank you. Appreciate it.

9 MR. GEIST: Thank you.

10 CHAIRWOMAN WEINSTEIN: Thank you.

11 We go to the Senate chair of Local
12 Governments, Senator Gaughran.

13 SENATOR GAUGHRAN: Is it good
14 afternoon or good evening?

15 (Laughter.)

16 SENATOR GAUGHRAN: I guess we're in
17 the evening now, okay.

18 CHAIRWOMAN WEINSTEIN: Not yet.

19 SENATOR GAUGHRAN: I think Assemblyman
20 Thiele covered the -- you know, the concern
21 about CHIPS and AIM.

22 But I think I just have to caution
23 that, you know, with all the issues that
24 we're facing in this budget with the

1 \$6.1 billion deficit -- you heard the
2 conversation that the counties are facing,
3 and we have additional concerns about finding
4 additional school aid -- I think we really
5 have to think in terms of is there going to
6 be additional money, additional revenue for
7 the state. Because if there's not going to
8 be additional revenue for the state, then I
9 think it's going to be more of a difficult
10 battle as we move forward.

11 But just moving over to cannabis. So
12 if we give -- if cannabis goes forward, and I
13 have some concerns about the law enforcement
14 piece and the local government control. But
15 if we give towns and villages the right to
16 opt out, should we also give revenues to the
17 municipalities that decide to opt in?

18 MR. GEIST: I think the answer is yes.
19 If you opt in, then why shouldn't you be able
20 to get the revenue?

21 And Senator, if I could go back to
22 your earlier comment --

23 SENATOR GAUGHRAN: Sure. Absolutely,
24 yeah.

1 MR. GEIST: -- about the tight budget.

2 You know, I was hearing questions and
3 answers earlier about the internet sales tax
4 and that people have numbers. You know, I
5 would love to see the numbers. And I know
6 the Comptroller said there was I think a 4.5
7 percent increase in the sales tax. We don't
8 know what the -- where that came from.

9 But to the extent that there's -- if
10 there were more monies received by the
11 internet sales tax than was projected,
12 perhaps that could be a pot of money that
13 could help fund some additional things like
14 CHIPS or some other things, help out with
15 local government.

16 You know, it's hard; every day we have
17 to work under the construct of the tax cap,
18 and every day we have to meet the needs of
19 our residents, whether it's highways,
20 recreation, libraries, seniors, all these
21 types of programs. And we feel being
22 stagnant and getting no increases really
23 isn't helping meet our needs of our
24 constituents.

1 SENATOR GAUGHRAN: And following up
2 on cannabis, I guess one of the issues is
3 revenues would be needed, I think there would
4 be a health impact and counseling and some
5 impacts to the schools that I think we'd have
6 to look at. But a big piece of that would go
7 to law enforcement.

8 So I think part of the issue in trying
9 to figure that out is, for example, in my
10 district I do not have any town police
11 departments, I have primarily two county
12 police departments with a good number of
13 local village police departments. So I
14 think, you know, part of it is we have to
15 look at, you know, where is the law
16 enforcement service being provided. Would
17 you agree?

18 MR. GEIST: Yes, I would agree. I
19 think that for the majority of the state,
20 though, they don't have the county police
21 departments to rely on. You know, some areas
22 rely on the towns, some rely on the county.

23 And I think it should be looked at,
24 because there has to be training and of

1 course, if there's going to be violations of
2 state policies, whether it's V&T laws or
3 other laws, we have to look at the fines and
4 who's getting those fines.

5 SENATOR GAUGHRAN: And I understand
6 your concerns about the small cell, because I
7 believe -- and you can maybe concur -- that a
8 lot of municipalities are going to start
9 seeing a decline in their traditional return
10 from cable providers. And I think a lot of
11 that has to do with people are getting off of
12 traditional cable television, and a lot of
13 people are just getting their service through
14 the internet.

15 Do you have any estimates of what this
16 may cost towns across the state if this
17 proposal goes forward?

18 MR. GEIST: You know, I don't have any
19 numbers on that. It's a great question, and
20 I know you've raised it before. And I think
21 it's really a smart way to look at the
22 problem.

23 But I think the biggest problem, from
24 a policy standpoint, is if you take a step

1 back and say to yourself there's legislation
2 pending in the House and the Senate down in
3 Washington seeking to overturn the FCC order,
4 and there's a court case pending right now in
5 the 9th Circuit and the arguments are going
6 to be I believe this month, why are we
7 rushing to judgment until we get clarity as
8 to what's going to happen here?

9 It was a split FCC vote to put forward
10 this policy. And if the 9th Circuit
11 overturns it, we go back to square zero.

12 So in any event, whatever we do, local
13 governments should have a seat at the table.
14 Home rule shouldn't be overridden and the
15 rights of way shouldn't be overridden so that
16 these -- that we're just dictated to about
17 where these boxes go, how much can be
18 received as fees and, more importantly, the
19 review process, what they call the shot
20 clock.

21 But I think all these things could be,
22 once again, worked out if people actually
23 opened the doors to let the interested
24 parties have a seat at the table to try to

1 fashion a resolution.

2 SENATOR GAUGHRAN: And finally, it
3 looks like what you'd like in this budget is
4 on page 7, the Restore Mother Nature Bond
5 Act.

6 MR. GEIST: Yes. I see you --

7 SENATOR GAUGHRAN: So that's a
8 positive. We're moving forward with that.

9 MR. GEIST: Yes, we're very -- we're
10 hoping that you will do that. We're very --
11 we're very hopeful. There's some very good
12 things in the budget. But we felt that today
13 we wanted to really focus on the issues that
14 affect our daily policies and home rule, and
15 that's what we wanted to bring to your
16 attention.

17 SENATOR GAUGHRAN: Sure. I
18 understand. Thank you very much.

19 And thank you, Madam Chairs.

20 MR. GEIST: Thank you.

21 CHAIRWOMAN KRUEGER: Senator Jim
22 Seward.

23 SENATOR SEWARD: Thank you, Madam
24 Chair, Mr. Geist and your panel.

1 I had a couple of questions for you.
2 You know, have the towns -- I'm getting back
3 to the AIM funding. Have the towns reported
4 any delays in receiving their AIM funding? I
5 think that was due in December of last year,
6 2019. Did that flow, did AIM funding flow --
7 full AIM funding flow to the towns in a
8 timely manner?

9 MR. GEIST: We believe that everybody
10 got their funding in December.

11 SENATOR SEWARD: Speaking of funds
12 that in the Governor's proposal would not
13 flow, and that is the VLT monies for certain
14 townships in the state, those are that
15 associated with racinos and racetracks.

16 Can you tell us what the impact of the
17 loss of the VLT funding for these
18 townships -- I mean, what -- is this a
19 significant part of their budgets?

20 MR. GEIST: Yeah, Senator, we don't
21 have any exact numbers yet on the video
22 lottery situation. But it will have an
23 impact locally, and we will work to get those
24 numbers for you.

1 SENATOR SEWARD: Sure. I would think
2 so, and we'll hopefully be able to correct
3 that.

4 I wanted to just ask about are there
5 significant unfunded mandates that are out
6 there in the Governor's proposal and/or just
7 that have been in place in the past that
8 drive up the cost of doing business at the
9 town level? Can you cite one or two of
10 those?

11 MR. GEIST: We'll be here all night.

12 (Laughter.)

13 SENATOR SEWARD: Okay. All right.
14 Let's say the top two or three.

15 MR. GEIST: So in terms of unfunded
16 mandates, you can start in the justice court
17 where we have to pay for town prosecutors.
18 When Governor Spitzer did away with the plea
19 bargaining, that was a cost.

20 You can say that the tax cap without
21 any carve-outs for capital projects is an
22 unfunded mandate.

23 You can argue that -- there's so many.
24 Cemetery. We've been asking for a change in

1 legislation on cemeteries because they get
2 abandoned or the corporations cease to go in
3 existence, and under state law currently then
4 it goes -- the town has to pick up those
5 costs. And so we think that's an unfunded
6 mandate.

7 There are other unfunded mandates.
8 Just in terms of, you know, recordkeeping in
9 the town clerk's office and the types of
10 requirements in terms of recording and fees
11 that have to be generated.

12 Justice court, the tickets. The cost
13 for processing V&T tickets hasn't been
14 increased I believe since the 1990s, the
15 local portion of the ticket.

16 SENATOR SEWARD: Well, you've
17 mentioned quite a few so far.

18 I'm sure you would agree with me that
19 all of these and the others that are out
20 there, unfunded mandates, have an impact on
21 local -- your town budgets and your town tax
22 levies.

23 MR. GEIST: Absolutely. And, you
24 know, we've been asking for years that

1 legislation should not be passed by the state
2 unless it has an impact on whether this
3 causes an unfunded mandate to the local
4 government. They should have that part of
5 the legislation.

6 SENATOR SEWARD: Absolutely.

7 Let me ask you -- this may be out from
8 left field here, but the Executive in his
9 budget would prohibit the distribution and
10 use of polystyrene single-use food
11 containers -- you know, the Styrofoam --
12 starting on January 1 of 2022, the
13 prohibition on the use of these.

14 Has the Executive reached out to your
15 organization to discuss this, or have you
16 heard anything from your local businesses,
17 mom-and-pop shops, some of the small
18 businesses that would have difficulty
19 complying with this or it would drive up
20 their cost significantly? Is this an issue
21 at all in terms of your local town businesses
22 and economies?

23 MR. GEIST: We have not heard.

24 I will say this, though, that whether

1 it's the bags in the grocery stores, most
2 people are willing to take an extra step to
3 save the environment, and maybe that's why we
4 haven't had a lot of complaints about it. We
5 feel we need to educate our members, and we
6 continue to do so. And -- but if we do,
7 we'll let you know, Senator.

8 SENATOR SEWARD: Thank you. And thank
9 you for your service to our local townships.

10 MR. GEIST: And, Senator, I would be
11 remiss if I didn't thank you on behalf of the
12 entire statewide Association of Towns for
13 your service and your record of legislative
14 achievement in the great State of New York.

15 Thank you.

16 SENATOR SEWARD: Thank you for those
17 kind words.

18 CHAIRWOMAN KRUEGER: Thank you.

19 And we have Robert Jackson.

20 SENATOR JACKSON: Hello. So I'm sorry
21 I'm late. Good afternoon.

22 MR. GEIST: Good afternoon, Senator.

23 SENATOR JACKSON: I was over at an
24 education workgroup meeting.

1 So regarding education, does the towns
2 overall deal with education, or that's left
3 to the counties or the state?

4 MR. GEIST: So towns do not deal with
5 education. The local school district, they
6 handle the education.

7 SENATOR JACKSON: And so -- and what
8 about the whole issue of the Medicaid stuff
9 that's happening around with the budget?

10 MR. GEIST: You know, that doesn't
11 affect us directly Senator. It affects
12 counties, and of course from the state.

13 But anything that affects county
14 dollars has a trickle-down effect that is
15 going to harm or hurt us if there's a
16 negative effect to the counties.

17 SENATOR JACKSON: So depending on, for
18 example, how many Medicaid recipients you may
19 have in a town or municipality and the impact
20 that that has on that particular county, in
21 essence. Especially if you may have a health
22 facility in your town that may deal with a
23 lot of Medicaid patients, that could have a
24 negative impact on a particular town or

1 geographical area.

2 MR. GEIST: Yeah. Because of the
3 trickle-down effect, that's how it impacts
4 towns.

5 You know, for example, counties may
6 choose to review how they distribute revenue
7 among the towns and villages based upon if
8 they have cuts on their own.

9 So but we don't -- towns don't get
10 involved in Medicaid or education.

11 SENATOR JACKSON: So I was reading in
12 the statement that was submitted by "Service
13 and Representation for Town Governments in
14 New York State" that overall, you represent
15 approximately 9 million people, which is
16 approximately half -- a little less than half
17 of the State of New York. And big towns such
18 as Hempstead have 800,000? Wow.

19 MR. GEIST: Yes. And Brookhaven, 425.
20 We have some really large towns with --

21 SENATOR JACKSON: They could be big
22 enough to be cities.

23 MR. GEIST: Well, that's one of our
24 points, that sometimes state law has these

1 artificial classifications, and we feel it's
2 not appropriate.

3 So for example, Hempstead last year,
4 800,000 people, they lost their AIM. But
5 cities didn't lose it, and yet they have four
6 times as many people as Yonkers and
7 Rochester. So just as an example.

8 SENATOR JACKSON: So overall, with
9 respect to -- I was at a press conference
10 this afternoon with NYSUT, New York State
11 United Teachers, CWA, Communication Workers
12 of America, and United Food and Wholesale
13 Workers Union and elected public officials,
14 Senators and Assemblymembers, that are saying
15 in order to deal with this budget deficit the
16 we have in the state, that we should raise
17 taxes on the wealthiest New Yorkers that can
18 afford to give a little bit more.

19 That does not include any of the
20 middle-class or middle-income families, but
21 on the wealthiest New Yorkers, which is only
22 several hundred, that would bring in several
23 billions of dollars to deal with the
24 situation that we will be facing in the near

1 future.

2 Is the towns in favor or against that?

3 MR. GEIST: Well, Senator, towns only
4 get their resources from property tax and
5 other -- sales tax and mortgage recording tax
6 and things of that nature. We don't have
7 anything to do with income tax.

8 But I think it's important to note,
9 whenever you're talking about revenue, is
10 that you may want to -- if you're looking at
11 tax policy as a government official, you
12 don't want to have it so we drive people out
13 of the state either.

14 SENATOR JACKSON: Oh, yeah.

15 MR. GEIST: And I think that this is
16 particularly sensitive this year. We have a
17 census going on -- very, very, very, very
18 important. And we're losing maybe one
19 congressional seat again. We need to make
20 sure that New York flourishes, we keep the
21 people here, and that we do everything we can
22 to make sure we are the Empire State.

23 SENATOR JACKSON: I would agree with
24 you. And even some people spoke about that

1 those that can't survive here are going to be
2 leaving because they can't, you know, survive
3 in this environment.

4 And what the people were talking about
5 and I was talking about is billionaires and
6 millionaires that could leave and fly
7 anywhere in the world. They may have homes
8 in China or England or anywhere else. So
9 that's the individuals that we're talking
10 about.

11 So I want to thank you for coming in,
12 and I'm glad that I dialogued with you even
13 for the short period of time I was here.

14 MR. GEIST: Thank you very much,
15 Senator.

16 SENATOR JACKSON: Thank you.

17 Thank you, Madam Chairs.

18 CHAIRWOMAN KRUEGER: Thank you very
19 much.

20 CHAIRWOMAN WEINSTEIN: Thank you. I
21 think that's all the questions we have.
22 thank you for being here today.

23 Next we have some representatives from
24 the City of Saratoga Springs, Meg Kelly,

1 mayor; Michele Madigan, commissioner of
2 finance, and Robin Dalton, commissioner of
3 public safety.

4 I should just note for the witnesses,
5 as we continue the next handful of witnesses
6 till the end of the hearing, that we are now
7 at the -- as people have been informed, the
8 five-minute portion of the hearing for
9 witnesses.

10 And just be mindful of what we've said
11 before, too: We've circulated your
12 testimonies in advance, and to try and
13 summarize the highlights of your testimony.

14 CHAIRWOMAN KRUEGER: Good evening.

15 MAYOR KELLY: Good evening, Senate
16 Finance Chair Krueger, Assembly Ways and
17 Means Chair Weinstein, and the distinguished
18 members of the Legislature. My name is Meg
19 Kelly. I am the mayor of the City of
20 Saratoga Springs. I have served as mayor
21 since January 1, 2018.

22 I am joined here this evening by
23 Michele Madigan, Saratoga Springs
24 commissioner of finance, and Robin Dalton,

1 Saratoga Springs commissioner of public
2 safety.

3 We are here jointly to speak about the
4 issue that is critical to the health, safety
5 and welfare of the City of Saratoga Springs.
6 More specifically, Part KK of the Executive
7 Budget proposals, Public Protection and
8 General Government Article VII legislation
9 wholly eliminates video lottery terminal, or
10 VLT, aid to the City of Saratoga Springs.

11 The magnitude of this loss of funds
12 cannot be overstated. For 2020, the City of
13 Saratoga Springs expected to receive
14 2.3 million in VLT aid. This sum represents
15 five percent of the city's approved 2020
16 operating budget.

17 Pursuant to New York State Finance
18 Law, the city's approved budget contemplated
19 this aid being used to defray many costs
20 associated with hosting the VLT facility in
21 the city, and to minimize and reduce property
22 taxes.

23 As will be expanded upon by the
24 Commissioners Madigan and Dalton, for 2020

1 city services are again being maintained at
2 adequate levels and average property taxes
3 are expected to decrease, on average, from
4 taxes paid in 2019. Eliminating this aid now
5 would strike a significant blow to the city's
6 finances and would force us to consider
7 service cuts and increases in property taxes.

8 At this time I would like to defer to
9 Commissioner Madigan, who will expand on
10 these points.

11 FINANCE COMMISSIONER MADIGAN: Thank
12 you. So I am Michele Madigan, and I am the
13 commissioner of finance and have been the
14 commissioner of finance since 2012. That
15 also makes me a member of the city council.
16 As such, I'm responsible for proposing and
17 adopting, ensuring the adoption of the city's
18 annual comprehensive budget, along with
19 proposing our yearly property tax rate.

20 The City of Saratoga Springs 2020
21 general operating budget is approximately
22 \$48.7 million, and includes an annual tax
23 levy of approximately \$20 million.

24 We are a city inclusive of 28 square

1 miles of streets and city right-of-ways, the
2 fourth largest land municipality in the state
3 after New York City. Our population includes
4 28,000 full-time residents plus many
5 thousands of condominium-dwelling spring and
6 summer residents. Assessments, property
7 taxes on condominiums is not equivalent to
8 that, of course, of a resident who owns a
9 single-family home.

10 Additionally, our city does grow to
11 accommodate approximately 40,000 to 100,000
12 people when Saratoga Race Course and SPAC,
13 with Live Nation concerts, operate in tandem.
14 But in the mid-2000s era we also added
15 Saratoga Casino Hotel, which operates
16 365 days a year, 20 hours a day. That is the
17 home to our video lottery terminals.

18 A few other points. All
19 municipalities today do operate under a
20 2 percent tax cap which is now a permanent
21 state law. Many of our revenues remain flat
22 year over year, including AIM and CHIPS
23 funding. And over the last several years
24 we've seen occupancy tax remain flat as a

1 result of the impact of short-term rental
2 services such as Airbnb and HomeAway.

3 So VLT is considered a major -- more
4 than AIM, CHIPS or occupancy tax
5 individually -- source of revenue to our
6 city, after property and sales tax. The loss
7 of this revenue does equate to 5 percent of
8 our operating budget. Or, if I was to look
9 at this year, and our 2020 budget has already
10 been adopted, that would translate to about
11 an 11.6 percent increase on property taxes.

12 At this point, if we were not to have
13 this revenue reinstated, I'm not sure where
14 I'll find \$2.35 million in revenue for 2020.
15 I suppose it could be done by tapping our
16 reserves and fund balances, but that will
17 likely impact our 2020 bond rating and our
18 ability to borrow for capital projects at low
19 interest rates on behalf of our taxpayers.

20 So I am here tonight, now, to strongly
21 urge you to please restore VLT aid at our
22 budgeted amount of \$2.35 million. It's a
23 much-needed revenue source for our city and
24 assists with maintaining the real property

1 taxes and, most importantly, the public
2 safety of our city.

3 And with that, the commissioner of
4 public safety, Robin Dalton, will speak a bit
5 more about the public safety impact.

6 Thank you.

7 PUBLIC SAFETY CMMR. DALTON: Thank
8 you for your time today.

9 I would like to add a few final points
10 related to city services. I represent the
11 city's first responders, the Saratoga Springs
12 Police Department, Fire Department, and EMS.

13 Due to the popularity of the VLT
14 facility and other premier destination venues
15 in the city, the city's population can swell
16 up to 100,000 per day in the summer alone,
17 three times the overall city population of
18 approximately 28,000. The 14 largest events
19 at NYRA and SPAC from July to August in 2019
20 brought in 500,000 people to our city.

21 The maximum number of police officers
22 we're able to put on patrol in our busiest
23 summer months, however, is eight to 11 per
24 shift. That is eight to 11 officers

1 responsible for keeping our entire
2 28-square-mile city safe.

3 As the commissioner of public safety,
4 I am responsible for the well-being of
5 everyone who lives, works and visits our
6 great city. The state has been a tremendous
7 partner with Saratoga Springs over the years,
8 and the VLT aid we receive plays a critical
9 role in maintaining this safety.

10 Ten years ago we had to let go 14 fire
11 and policemen because of the loss of VLT aid
12 that year, and operated with 57 active-duty
13 police officers. As of today we are
14 operating with the same number, 57
15 active-duty police officers, while the city
16 and the events we host have grown
17 astronomically over the last decade.

18 I'm asking the state to continue to be
19 our partner and restore the \$2.3 million in
20 VLT aid to Saratoga Springs so we can
21 continue to provide outstanding city services
22 to all the visitors to our city.

23 We're open to any questions you may
24 have on our testimony or any of the points

1 we've made today. Thank you very much.

2 CHAIRWOMAN WEINSTEIN: Thank you.

3 We go to Assemblywoman Woerner.

4 ASSEMBLYWOMAN WOERNER: Thank you,
5 Madam Chairperson. Thank you all for
6 bringing the detail behind the impact of the
7 Governor's proposal to eliminate the VLT aid.

8 Commissioner Dalton, I know you were
9 not in office when the last VLT cut was done.
10 And you mentioned that there were 14 layoffs
11 of officers and firefighters. Has the city
12 been able to build back -- given the property
13 tax cap, have you been able to build back to
14 full strength since the last cut?

15 PUBLIC SAFETY CMMR. DALTON: So we
16 actually -- it's taken the last 10 years, and
17 we finally just got there at the end of 2019.
18 So it took 10 years to recover from those
19 layoffs.

20 ASSEMBLYWOMAN WOERNER: And over those
21 10 years, the city has grown in its base
22 population as well as now adding the casino
23 in. Have we added additional -- have we had
24 the resources to add additional first

1 responders to cope with the growth in the
2 city?

3 PUBLIC SAFETY CMMR. DALTON: I'd like
4 to be able to. It's certainly one of the
5 goals of my time in office. But to date, all
6 we've been able to do is recover from the
7 catastrophic layoffs back in 2009.

8 ASSEMBLYWOMAN WOERNER: So these
9 proposed cuts would take us back again below
10 where we were 10 years ago.

11 PUBLIC SAFETY CMMR. DALTON: Correct.
12 These would -- if we were to lay off anyone
13 in our fire or police department, we would be
14 below the lowest levels we were at in 2009,
15 which was 57 active-duty officers.

16 ASSEMBLYWOMAN WOERNER: Thank you.

17 Mayor Kelly, is there much difference
18 between a casino and a racino?

19 MAYOR KELLY: No. They're still there
20 with the video machines and they're still
21 operating.

22 I really feel that the impact on any
23 community is the same. So I see this as
24 casino, racino -- you know, I guess you could

1 say are there live tables or not live tables.
2 But we have, you know, virtual tables where
3 people can bet. So they're similar.

4 ASSEMBLYWOMAN WOERNER: So can you
5 think of any reason why the Governor's
6 proposal, which protects the VLT aid for
7 casino communities but does not preserve it
8 for racino communities, would make sense?

9 MAYOR KELLY: To me it makes no sense
10 at all. I think that we're dealing with the
11 same scenario as the casinos. So I think
12 that, you know, that's why it should be
13 restored.

14 ASSEMBLYWOMAN WOERNER: Thank you very
15 much.

16 CHAIRWOMAN KRUEGER: Senator Jim
17 Seward.

18 SENATOR SEWARD: Thank you, Madam
19 Chair, and Mayor and Commissioner --
20 Commissioners.

21 First of all, I want to express
22 Senator Daphne Jordan's regrets. She had --
23 you know, you're coming on kind of late. You
24 never know when the panels are going to be on

1 because of the hearing schedule. She wanted
2 to be here but was unable to be here.

3 But I know, because she has expressed
4 to me over and over again, the -- if she was
5 here, she would say that the Governor's
6 proposal on the VLT funding, taking away over
7 \$2.3 million from your city's budget is just
8 unacceptable. It's a hard hit on a city of
9 your size.

10 I wanted to ask a question of
11 Commissioner Dalton in terms of public
12 safety. I assume your city police department
13 and so on is under your jurisdiction.

14 PUBLIC SAFETY CMMR. DALTON: Yes,
15 correct.

16 SENATOR SEWARD: Have you seen any
17 impacts in terms of the police work in the
18 City of Saratoga Springs as a result of the
19 bail reforms that went into effect on
20 January 1? I mean, are they -- could you
21 just briefly describe what those impacts are?
22 And are they costing the city money in terms
23 of the need for additional personnel and so
24 on?

1 PUBLIC SAFETY CMMR. DALTON: Yes,
2 absolutely. The thing that we're seeing
3 right now that has impacted the department
4 the most is the new discovery laws, the
5 shortened window in which we have to get all
6 the evidence pertaining to a case to the DA's
7 office. It has put a humongous strain on our
8 department.

9 And actually I need to speak to the
10 commissioner of finance about this, but we
11 will be needing to hire an additional
12 personnel in our department just to handle
13 the volume of discovery and videos to get to
14 the DA's office; otherwise, we're not going
15 to be able to prosecute cases. Things will
16 be dropped.

17 It's just been an unbelievable crush
18 of work to try to get things delivered in the
19 time that is now allotted.

20 SENATOR SEWARD: Thank you for your
21 insights.

22 CHAIRWOMAN KRUEGER: Thank you.

23 CHAIRWOMAN WEINSTEIN: Thank you for
24 being here today. Thanks.

1 The next group is Upstate New York
2 Towns Association, to be followed by New York
3 Immigration Coalition, followed by Brennan
4 Center for Justice, to be followed by New
5 York State Wireless Association.

6 For Upstate Towns, we have
7 Carolyn Warren Price, president, and
8 Dell Boyle, vice president.

9 And just a reminder, you have five
10 minutes to share, so make sure, who goes
11 first, leave some time.

12 MS. PRICE: Thank you very much,
13 Madam Chairs, and the members of the Senate
14 that are here, and the Assembly. We
15 appreciate this time.

16 I'm Carolyn Price, president, and also
17 supervisor of the Town of Windsor. And this
18 is Dell Boyle, who's the vice president, and
19 also on the board of the Town of Conklin.
20 We're both from Broome County.

21 CHAIRWOMAN KRUEGER: Could you move
22 the microphone a little closer to you?

23 MS. PRICE: Sure.

24 CHAIRWOMAN KRUEGER: Thank you.

1 MS. PRICE: Okay. We're here to talk
2 about four issues -- access to technology,
3 bail reform, legalizing recreational
4 marijuana, and tick-borne diseases.

5 In the part about technology,
6 Senator May asked me to testify back in
7 September about broadband. We still have
8 huge needs out in the rural areas. I'm not
9 going to read them, but there are five
10 recommendations. And also in your paper, my
11 whole testimony is there. We still need
12 help. We haven't achieved where we should
13 be.

14 The other three issues really relate
15 to safety and health of residents, and we're
16 very concerned about that. The bail reform
17 needs to be modified or amended. We're not
18 recommending repeal, but some changes.

19 And there are legitimate concerns
20 we're hearing from the public. We believe
21 that judges should have discretion to detain
22 a person with a prior criminal record or who
23 has been deemed a threat to public safety.
24 And we just ask that you listen to the

1 judicial community and also law enforcement
2 and follow their recommendations.

3 The next area, the third area, is we
4 have questions about legalizing recreational
5 marijuana. And attached to our testimony are
6 three pages of research in the areas of
7 education, health, and law enforcement. And
8 they're very brief; we hope you will read
9 those.

10 But we will like to read the cautions
11 that the Mayo Clinic has issued, and Dell is
12 going to help me. They recommend that you
13 don't drive or operate machinery when using
14 marijuana. And if you have a mental health
15 condition, use marijuana with caution.

16 In the research there's a lot of
17 issues in the area of mental health and
18 marijuana. Marijuana use might worsen manic
19 symptoms in people who have bipolar disorder.
20 If used frequently, marijuana might increase
21 the risk of depression. Marijuana use also
22 might worsen depression symptoms. And
23 research suggests that marijuana use
24 increases the risk of psychosis in people who

1 have schizophrenia.

2 If you want to take the next one,
3 Dell.

4 MR. BOYLE: Smoking marijuana can
5 affect your memory and cognitive function and
6 can cause harmful heart effects, such as high
7 blood pressure. Long-term marijuana use can
8 worsen respiratory conditions.

9 The Harvard Medical School has stated
10 the following: "Until more is known, it's
11 probably best not to get caught up in the
12 hype from sweeping legalization."

13 Did you know that the limo driver in
14 the Schoharie crash that killed the 20
15 people, he was high. His levels were high.

16 MS. PRICE: And I'd like to take the
17 last one and just ask the question, do you
18 want to be the legislature making
19 recreational marijuana legal and signaling to
20 people it is safe when it is not safe? And
21 you will find that in your research, there
22 was actually a research study that came up
23 with that.

24 So quickly moving on to the ticking

1 time bomb, an update on Lyme and tick-borne
2 disease. You had a Senate committee back in
3 2017 that did this study. It's excellent.
4 Senator Serino chaired that committee. But
5 we just want to bring you up-to-date.

6 We understand last year the Governor's
7 budget, the money for ticks was taken out,
8 and we're asking that money be put back in.
9 If you look at 2018, there were 2,481 cases
10 of HIV in New York State; there were 7,320
11 cases of Lyme and 950 cases of an
12 anaplasmosis. That is over 8,000 cases of
13 tick-borne diseases, three times more than
14 HIV. We need to continue the HIV funding,
15 but we need to fund tick education and
16 research.

17 And I just went through three
18 counties, because the 2019 statistics are not
19 out. And this is anaplasmosis, which is
20 worse than Lyme. Broome County cases from
21 2018 to 2019 went from 11 to 22; Chenango
22 County went from 1 to 11; Rensselaer County
23 went from 101 to 230.

24 Just so you understand how serious

1 this is -- and I know I'm at the end -- in
2 2018, in Broome County, one of those cases
3 was in Windsor, where I live, and one was in
4 Kirkwood. Both men that had anaplasmosis
5 nearly died. They both were in ICU on life
6 support. Thank goodness they lived.

7 In 2019, one of those 22 cases was in
8 the town where I'm supervisor. Our secretary
9 to the Zoning Board of Appeals died of
10 anaplasmosis. Another young man in a
11 neighboring town died of Lyme. It's a very
12 serious epidemic, and we need to fund money
13 for it.

14 And I'll take any questions.

15 CHAIRWOMAN WEINSTEIN: Thank you.

16 We go to Assemblyman Thiele for a
17 question.

18 ASSEMBLYMAN THIELE: You had brought
19 up a number of issues that had been addressed
20 by prior panels of local government
21 interests. But I wanted to commend you for
22 bringing up the issue with regard to Lyme
23 disease and with regard to tick-borne
24 diseases, as someone who's twice had a

1 tick-borne disease. On Long Island, we were
2 kind of ground zero early on for Lyme disease
3 and tick-borne diseases. But now, as you can
4 see from your own statistics, this is really
5 a health epidemic across New York State.

6 And, you know, to a large degree it is
7 related to climate change also, because the
8 warming of the temperatures has allowed the
9 ticks to basically exist in much more
10 northern locations.

11 And, you know, it was I think
12 unfortunate that last year there was no
13 funding in the budget for Lyme disease. You
14 know, a lot of that money got -- you know,
15 we've also been talking about money for
16 research, but at least for outreach and
17 education and letting people know what they
18 need to do about avoiding Lyme disease.

19 So I just wanted to thank you for
20 bringing that issue up because, again, local
21 governments, towns, you know, they're to a
22 large degree on the front lines when these
23 issues arise.

24 So I guess I didn't really have much

1 of a question, but it was a comment and I
2 thought it was important to bring up, to
3 highlight the point that you made and hope
4 that the Legislature this year restores
5 funding with regard to tick-borne diseases.

6 Thank you.

7 MS. PRICE: Yes, and I hope you see in
8 my notes that the Health Department has asked
9 a lot of the counties now to stop counting
10 the Lyme cases because they're so large. So
11 they're just doing a random sample. They're
12 not separating out Powassan yet. Powassan
13 is very deadly. CDC says that of 10 people
14 that get a tick bite with Powassan, three to
15 four will die. And Senator Kay Hagen, of the
16 United States Senate, that is what she died
17 of recently, and there was money passed at
18 the federal level in honor of her.

19 So, you know, it's -- I just can't
20 tell you enough how huge this is, how
21 concerned people are. People need to be
22 educated. In 2018, until I was personally
23 touched by it in our family, I didn't even
24 know what a tick looked like.

1 So if people don't know what these
2 look like and don't know what to look for,
3 and that they -- when they get on you, they
4 actually numb you so you don't know they're
5 on you. There's so much that people need to
6 know. And we just learned that the Red Cross
7 is getting involved. Anaplasmosis, if you
8 have had anaplasmosis, you should not give
9 blood. There was a case of a man in a
10 nursing home who had anaplasmosis, he'd never
11 been out of the nursing home and they
12 couldn't figure out why he had a tick, and it
13 was because he had a blood transfusion from a
14 person who had had anaplasmosis.

15 ASSEMBLYMAN THIELE: Thank you. Thank
16 you for your testimony.

17 CHAIRWOMAN WEINSTEIN: Thank you for
18 being here today.

19 MS. PRICE: Thank you.

20 CHAIRWOMAN WEINSTEIN: Next, New York
21 Immigration Coalition -- oh, I'm sorry,
22 Senator Liu.

23 CHAIRWOMAN KRUEGER: Senator Liu.

24 SENATOR LIU: Thank you, Madam Chair.

1 I want to thank you for your testimony
2 today.

3 MS. PRICE: Thank you.

4 SENATOR LIU: You did mention a few
5 things about marijuana which were pretty
6 serious statements, I thought. I just wanted
7 to suggest that maybe every one of those
8 statements you made about marijuana could be
9 extended to alcohol, couldn't they?

10 MS. PRICE: Mm-hmm. You're right.

11 SENATOR LIU: So maybe we should ban
12 alcohol too. I mean, it just -- for me
13 personally, I never smoked pot, I don't
14 drink. I'm pretty boring. But, you know,
15 it's inconsistent public policy to have
16 legalization, regulation and taxation of one
17 and a continuing ineffective prohibition on
18 the other.

19 Is there any thought to reconciling
20 these two?

21 MS. PRICE: Well, I think what we're
22 concerned about is what they mentioned in one
23 of the researches, and you can see it in that
24 article, is when people look to you and you

1 legalize something, the majority of the
2 people believes that's safe and this is okay
3 to do.

4 And some of the things that happened
5 in Colorado early on, you know, with the
6 gummies and children getting them and having
7 to go to the emergency room, there really are
8 cautions, just like the cautions of driving
9 when you've been drinking. I mean, the same
10 kind of thing.

11 And I know that you have proposed here
12 to reduce the BAC from .08 to .05, and I laud
13 you for that, because safety of people -- if
14 we listen to the Mayo Clinic, if you use
15 marijuana, you probably shouldn't drive. Do
16 people know that?

17 And so in the states that have
18 legalized it, they've seen a substantial
19 increase in vehicular accidents, which is
20 also in the research that I've cited.

21 I know it's an interesting topic for
22 people. But I think, as was said so many
23 times here today, we need to work on this
24 together. And if it's going to be legalized,

1 they need to put precautions and other things
2 in there so the public knows some of the
3 things that can happen.

4 SENATOR LIU: I appreciate you,
5 Ms. Price, and thank you for your support for
6 lowering blood alcohol content to .05 for DWI
7 definition.

8 (Laughter.)

9 CHAIRWOMAN WEINSTEIN: So now thank
10 you again for being here.

11 MS. PRICE: Many thank yous, right?
12 Thank you.

13 CHAIRWOMAN WEINSTEIN: So New York
14 Immigration Coalition, Camille Mackler,
15 director of immigration legal policy,
16 followed by the Brennan Center for Justice,
17 followed by the New York State Wireless
18 Association.

19 MS. MACKLER: Good evening. Thank you
20 for the opportunity.

21 I'm here on behalf of New York
22 Immigration Coalition, a statewide coalition
23 of organizations serving immigrants from
24 Long Island all the way to Buffalo, to ask --

1 to make sure that funding for immigration
2 legal services be included in this year's
3 final budget.

4 And I'm here at the Local Government
5 Hearing because the money has traditionally
6 been allocated through the Aid to Localities
7 budget, not any of the other legal services
8 funding streams -- although I will be
9 resubmitting the testimony for Public
10 Protection as well -- and also because
11 fundamentally this is about our communities
12 and about one of the most meaningful steps
13 that our state could take in protecting
14 communities that right now are very much
15 under attack.

16 To say it simply, and I don't know how
17 well-known this is, but there is no
18 guaranteed right to a lawyer in immigration
19 court. So anybody facing deportation must
20 either pay for a lawyer themselves or
21 convince a nonprofit to take their case. And
22 that's what I'm here for today, is to
23 advocate for more funding for those
24 nonprofits that provide those services.

1 And to illustrate the need, just
2 yesterday I got a text message from a
3 colleague who witnessed seven children in the
4 country without their parents, facing
5 deportation, going into a courtroom behind
6 closed doors and representing themselves in
7 Buffalo, New York, because they had not been
8 able to get a nonprofit to represent them.

9 In New York, New York has absolutely
10 been made an example by the Trump
11 administration and his immigration
12 enforcement policies. Just between 2017 and
13 2018, arrests by Immigration and Customs
14 Enforcement and Customs and Border Protection
15 went up 25 percent. The year before, from
16 2016 to 2017, they went up 35 percent. And
17 between 2018 and 2019, immigration judges
18 entered 80 percent more deportation orders in
19 New York's immigration courts.

20 Right now we have over 130,000 cases
21 pending between the immigration courts in
22 New York City and Buffalo.

23 New York has been a leader on this
24 issue, in this area. They have invested --

1 between the city and the state, there is over
2 \$74 million currently being invested in
3 immigration legal services, \$17 million of
4 that by New York State. And New York also,
5 just a month ago, became the first state in
6 the country and in fact the first government
7 in the country to introduce a right to
8 counsel, a statutory right to counsel for
9 immigrants. Even the federal government has
10 not done that. And this followed
11 recommendations by the American Bar
12 Association and the New York State Bar
13 Association in terms of redressing
14 due process concerns.

15 Despite all of this, the Governor has
16 taken massive credit for the programs
17 providing immigration legal services here in
18 New York, but every single year he has failed
19 to include any funding or any renewed funding
20 in his budget. For the third year in a row,
21 the Executive Budget contains exactly zero
22 dollars for immigration legal services.

23 Every year we have had to fight. Last
24 year we found out two days before the budgets

1 were passed that the \$10 million for the
2 Liberty Defense Program would be renewed.
3 That was the most advance notice we'd had in
4 the three years since it was created.

5 The Liberty Defense Project, which was
6 created in 2017, includes programs that have
7 been championed by this Legislature, like the
8 New York Immigrant Family Unity Project, the
9 groundbreaking public defender-type project
10 that provides immigrants who are detained in
11 upstate New York with a lawyer when they
12 cannot afford one.

13 This uncertainty makes it impossible
14 for nonprofits to hire, to retain staff. It
15 means that they can't guarantee their clients
16 that they will have a lawyer for the life of
17 their case. It keeps everyone destabilized
18 and uncertain and in fear. It makes clients
19 afraid to reach out and to ask for help
20 because they don't know who to go to anymore.

21 This is in part because of this
22 uncertainty in the funding. This is also in
23 part because of the changes in the way the
24 Office for New Americans, which is part of

1 the Department of State, has administered the
2 funding. They took the funding for the first
3 two years of the Liberty Defense Project and
4 they went to certain groups, and then they
5 re-RFPed it out to other groups, and some
6 lost money and actually had to lay off
7 attorneys.

8 Right now we are asking not just for a
9 renewal but for an increase to \$15.3 million
10 for the immigration legal services cases
11 because cases take many years to resolve in
12 immigration court. And the reality is that
13 groups that had open cases in the previous
14 year have to continue working on those cases,
15 and without increased funding they can't open
16 new cases and we can't bring in new projects
17 into the fold.

18 We're also asking for an increase in
19 the Office for New Americans that has stayed
20 flat at \$6.4 million, so that they can renew
21 their commitment to community-based
22 organizations, bring their network of
23 Opportunity Centers back up to 27, and renew
24 English classes.

1 At the end of the day, and this is my
2 concluding statement, this isn't about giving
3 a benefit. This isn't about giving somebody
4 the right to live in the United States. It
5 is simply about due process. In immigration
6 court, the judge and the prosecutor play for
7 the same team. They both report to the
8 president. We need somebody in there to make
9 sure someone is looking out for our immigrant
10 neighbors and community neighbors.

11 Thank you.

12 CHAIRWOMAN WEINSTEIN: Thank you.

13 Senator Krueger.

14 CHAIRWOMAN KRUEGER: Thank you.

15 So we hear so many terrible stories
16 involving ICE and deportations at this point.
17 Can you give us a sense of how many people
18 have been served? And does being served mean
19 getting to stay here, or is it a temporary
20 process until you get deported?

21 MS. MACKLER: Getting served, you mean
22 in terms of being given a lawyer?

23 CHAIRWOMAN KRUEGER: Getting served by
24 the funds that --

1 MS. MACKLER: Oh, oh, okay. Sorry. I
2 thought you meant served papers.

3 CHAIRWOMAN KRUEGER: No, no, no, no.
4 Getting services provided through these
5 funds. Is it actually getting them not
6 deported?

7 MS. MACKLER: So I don't know the
8 exact numbers because the Governor's office
9 doesn't really make them public.

10 I know that having -- studies done by
11 the Vera Institute, which runs the NYIFUP
12 project, they've found -- in combination with
13 studies done by national groups like the
14 American Immigration Council -- found that
15 78 percent of nondetained immigrants who have
16 a lawyer will win their case, versus
17 35 percent who don't have a lawyer. And when
18 you're detained, I think it's 36 percent will
19 win their case with a lawyer versus 3 percent
20 if they don't have a lawyer. So the
21 difference is critical.

22 And also having a lawyer in these
23 proceedings means that you have somebody
24 holding the justice system, for what it's

1 worth, accountable. And it also means that
2 cases can be brought. So we've seen, out of
3 the NYIFUP program especially, some really
4 great litigation that has created better
5 rights and better conditions for everyone
6 across the board.

7 CHAIRWOMAN KRUEGER: Thank you.

8 MS. MACKLER: Thank you.

9 CHAIRWOMAN WEINSTEIN: Thank you for
10 being here today.

11 MS. MACKLER: Thank you.

12 CHAIRWOMAN WEINSTEIN: Next, Brennan
13 Center for Justice, NYU School of Law, Joanna
14 Zdanys, counsel, Democracy Program.

15 (Comments off the record.)

16 CHAIRWOMAN WEINSTEIN: I'm sure I
17 messed up your name, so please -- and I guess
18 you're by yourself, so please go ahead.

19 MS. ZDANYS: Good evening. And thank
20 you for the opportunity to testify.

21 My name is Joanna Zdanys, and I'm
22 counsel at the Brennan Center for Justice, a
23 nonpartisan law institute that works to
24 improve our systems of democracy and justice

1 for all Americans.

2 Just one year ago the Brennan Center
3 was at this very table urging you to pass a
4 system of small donor public financing, a
5 reform that at the time seemed far out of
6 reach. This esteemed body delivered that
7 reform by enacting the Public Campaign
8 Financing Commission, which last December
9 produced a small-donor public financing
10 program for statewide and legislative races.
11 That program is set to launch in just two and
12 a half years.

13 Now it is time to start the next phase
14 of making this reform a reality for
15 New Yorkers. We urge you to ensure that
16 modest and reasonable start-up funding is
17 included in this year's budget for the State
18 Board of Elections to begin implementing the
19 public financing program.

20 The public financing program is
21 strong, and it contains time-tested solutions
22 from existing programs. It also contains
23 notable innovations, including a match for
24 small contributions only, a meaningful tiered

1 match on small contributions by constituents
2 to legislative candidates, and reduced
3 fundraising thresholds for candidates in
4 low-income districts. These features will
5 help to empower more everyday New Yorkers who
6 want to contribute what they are able and
7 help to counteract the outsized influence of
8 wealth in Albany.

9 Of course, as with most systems, we
10 see room for improvement, and we did not
11 fully agree with every aspect of the
12 commission's process or decisions. But
13 simply put, this program is the single
14 biggest response in the nation to
15 Citizens United and, if implemented properly,
16 it will have a dramatic impact on the sources
17 of election funding in New York and will be a
18 model for other states and cities across the
19 nation.

20 We know from our national work on
21 public financing that the two and-a-half
22 years budgeted for starting up is a
23 reasonable timeline, but it leaves not a
24 moment to spare. Work must begin right away

1 to purchase and develop the tech systems that
2 will support the program, appoint the three
3 new commissioners who will help oversee it
4 and who will only have one year to get the
5 details of the rules and regulations right,
6 and also to hire additional staff and
7 consultants to support the program's
8 buildout.

9 Painfully prominent examples, from the
10 shaky start of healthcare.gov in 2013 to the
11 Iowa caucuses just last week, make clear why
12 these early investments in technology are
13 critical. Every rule of this sophisticated
14 system must be translated into a thoughtfully
15 crafted platform, and then tested and
16 recalibrated as needed to make sure it will
17 work in real time.

18 For instance, you wouldn't want the
19 system to crash from overload on an important
20 filing deadline just because too many other
21 candidates got to the website a minute before
22 you did. Nor would you want to be unsure as
23 to how close you are to qualifying for
24 matching funds because of a system that does

1 not adequately track your in-district small
2 contributions. You also wouldn't want to be
3 uncertain as to how you can use your funds --
4 for example, for a community service event
5 with partners in your district -- just
6 because the rules and regulations are not
7 sufficiently clear.

8 A carefully designed system will help
9 to ensure that you don't need experts on your
10 campaign staff just to participate. A small
11 up-front investment this year will go a long
12 way toward providing a strong foundation for
13 the program, shoring up public confidence,
14 and generating efficiencies down the road.

15 Delaying funding for implementation
16 will set the system up to fail. Should this
17 year's budget fail to provide funds for these
18 modest needs, the message will be clear: Our
19 state's leaders were not serious about
20 delivering the reform that they promised.

21 The Brennan Center is at your service
22 as you implement this important and
23 groundbreaking reform. Thank you, and I'm
24 happy to answer any questions you may have.

1 CHAIRWOMAN WEINSTEIN: Thank you for
2 your testimony. I don't believe there are
3 any questions at this point. Thank you.

4 CHAIRWOMAN KRUEGER: Thank you.

5 MS. ZDANYS: Thank you for the
6 opportunity to testify.

7 CHAIRWOMAN WEINSTEIN: So our final
8 witness for today, New York State Wireless
9 Association, Douglas Dimitroff.

10 CHAIRWOMAN KRUEGER: You can't say we
11 don't have a mix of discussion today.

12 (Laughter.)

13 MR. DIMITROFF: Good evening.

14 CHAIRWOMAN KRUEGER: Good evening.

15 MR. DIMITROFF: And thank you very
16 much, Chairpersons Weinstein, Krueger, other
17 chairpersons who I apologize, I'm not sure
18 who are who, ranking members and other
19 members of the Legislature on the joint
20 committee.

21 Thank you very much for the
22 opportunity to testify before you tonight,
23 and thank you for your service. The average
24 New Yorker probably has no understanding of

1 the effort that you all put into your job.
2 Thank you for everything you do. It's not
3 easy, and I appreciate it.

4 Again, my name is Douglas Dimitroff.
5 I'm a partner with the law firm of Phillips
6 Lytle. I'm appearing today before you as the
7 former president of and a current board
8 member of the New York State Wireless
9 Association. I'm not here to ask for
10 funding.

11 I am here to seek your support to
12 assist with regulatory relief for
13 private-sector infrastructure investment in
14 New York State.

15 New York State Wireless Association is
16 an all-volunteer state-based wireless trade
17 association. Members represent the entire
18 wireless ecosystem in New York, including
19 wireless carriers, tower companies and other
20 infrastructure companies, architectural
21 engineering firms, construction firms,
22 surveyors, real estate acquisition companies,
23 and other service providers.

24 NYSWA wholeheartedly supports part BB

1 of transportation and Economic Development
2 Budget on small wireless facilities
3 deployment, or what we refer to as small
4 cells, which would amend Article 13-e of the
5 General Municipal Law. The legislation would
6 spur significant infrastructure investment
7 and accelerate wireless broadband deployment
8 in New York by establishing a uniform process
9 with appropriate and reasonable
10 nondiscriminatory fees for the installation
11 of small cell wireless facilities, including
12 those placed in public rights-of-way.

13 Thirty states and Puerto Rico have
14 enacted similar legislation with bipartisan
15 support. Those states represent over
16 60 percent of the U.S. population.

17 As you heard earlier this evening, the
18 proposed legislation does mirror a recent
19 federal rule, parts of the FCC's 5G FAST
20 Plan, which reformed prior federal rules for
21 first-generation or early-generation
22 technology to accommodate small cells and
23 emerging 5G network technology. The reforms
24 banned shortsighted -- what we believe are

1 shortsighted municipal roadblocks that have
2 the effect of prohibiting deployment of
3 broadband, including new 5G technology, and
4 give states and localities a reasonable
5 deadline to approve or disapprove small-cell
6 siting applications.

7 Enacting this measure in New York
8 reflects, we believe, smart public policy
9 that will help maintain our state's status as
10 a competitive leader in the nation's
11 technology landscape. Without it, New York
12 will fall further behind the 30 other states
13 and Puerto Rico that have supported similar
14 paths to 5G and the innovation economy.

15 We have sought to dialogue with
16 municipal representatives in New York State,
17 and thus far our requests for that dialogue
18 have been not received favorably. We
19 continue to be willing to do so.

20 This proposed bill would also
21 authorize the State Department of
22 Transportation to enter into statewide master
23 license agreements with wireless providers
24 for the use and occupancy of state-owned

1 rights-of-way for installation of
2 communications facilities. This provision
3 will lead to faster, next-generation
4 broadband deployment.

5 As your constituents undoubtedly know,
6 fast and reliable mobile internet
7 connectivity has become a crucial part of
8 everyday life for businesses and consumers
9 alike. And for lower-income communities,
10 mobile connections are used far more than
11 fixed or wire-line broadband networks.

12 Current and projected increases in
13 data and network demands are putting pressure
14 on the capacity of today's communications
15 networks. Traditional macrocells or tower
16 sites remain critical, and they are the
17 foundation for wireless network coverage, but
18 these sites alone cannot handle the expansion
19 in the demand being placed on New York's
20 broadband networks.

21 To keep up with the surging demand,
22 wireless operators are now engaged in network
23 densification, which means placing additional
24 infrastructure in proximity to where the

1 demand is generated. Broadly, small cells
2 are defined as antennas and equipment that
3 are installed on utility poles or
4 streetlights in the public right-of-way,
5 typically, or on the roof or sides of a
6 building. Each small cell serves a small
7 geographic area not more than a quarter-mile
8 from the installation, and they improve
9 coverage and capacity in 4G services and soon
10 to be deployed -- we hope in New York -- 5G
11 networks as well.

12 Unlike in the majority of other
13 states, companies interested in investing in
14 New York and deploying small cells to enhance
15 broadband networks here must navigate a
16 complicated and inconsistent patchwork of
17 municipal regulations for the over 1500
18 jurisdictions in New York. New York cities
19 like Buffalo, Rochester and Syracuse, and
20 towns across New York will not see the level
21 or pace of deployment as similarly situated
22 cities and towns in those states that have
23 adopted similar statewide legislation.

24 NYSWA applauds Governor Cuomo for

1 supporting this bill, and before I finish up
2 or before I'm cut off, I should say, the
3 wireless industry is on target to invest
4 \$275 billion nationwide in these sorts of
5 networks over the next six to seven years.
6 This proposal will competitively position
7 New York to receive as much of that
8 investment as possible. More jobs, more
9 investment means more GDP growth and more
10 opportunities for average New Yorkers to
11 participate in the innovation economy.

12 So thank you again for the opportunity
13 to speak to you tonight, and I'm happy to
14 answer any questions.

15 CHAIRWOMAN WEINSTEIN: We go to
16 Senator Krueger for a question.

17 CHAIRWOMAN KRUEGER: Thank you.

18 Maybe we'll continue this after
19 tonight, but basically your association is
20 here saying we want you to give us the right
21 to do what we want to do under one set of
22 rules, or rules that we establish. But we
23 have a long history of local governments
24 thinking they have something to say about

1 equipment being set up in their towns and
2 cities and fees and costs, et cetera,
3 et cetera.

4 So you sort of want to change the
5 pattern of how New York State historically
6 has done business, is that correct?

7 MR. DIMITROFF: Well, we look at it
8 this way. There's federal law that's been
9 around for a long time that allows for access
10 to the public rights-of-way at the federal
11 level. And we're looking for harmonization
12 with that federal law that's been around for
13 over twenty years, since 1996.

14 We are not saying that the local
15 governments have no authority. They continue
16 to have the right to make decisions to say
17 no. But it's a matter of a streamlined
18 process, from a timing perspective, and
19 reasonable fees. The other 30 states, many
20 of those other states are in the Northeast
21 and Mid-Atlantic that also have a long
22 history of municipal home rule or municipal
23 home rule-like local protections.

24 CHAIRWOMAN KRUEGER: And -- all right,

1 my just final question.

2 Are there localities in New York State
3 who haven't shared your view, hence you're
4 here in Albany?

5 MR. DIMITROFF: I'm sorry, are --

6 CHAIRWOMAN KRUEGER: Are there
7 localities in New York State who don't share
8 your view, hence you're here in Albany asking
9 for us to do something?

10 MR. DIMITROFF: Yeah, we're looking
11 for them. We do not -- I -- I'm not sure
12 that we have found one that is here to
13 support us. We're still seeking that.

14 CHAIRWOMAN KRUEGER: Thank you.

15 CHAIRWOMAN WEINSTEIN: Thank you.

16 That does it for the questions.

17 So this concludes the Local
18 Governments Hearing. The joint fiscal
19 committees will reconvene tomorrow morning at
20 9:30 a.m. for the Education Hearing.

21 (Whereupon, the budget hearing
22 concluded at 6:50 p.m.)
23
24

