



**Testimony on the
2022-23 Executive Budget Proposal
Joint Legislative Budget Committee**

Mayor Mike Spano
City of Yonkers

February 9, 2022

Good afternoon Chairwoman Krueger, Chairwoman Weinstein, members of the Senate and Assembly, my friends and colleagues, and our Yonkers Delegation, Senate Majority Leader Andrea Stewart-Cousins, Senator Shelley Mayer, Assemblyman Nader Sayegh and Assemblyman Gary Pretlow.

Thank you for welcoming me.

Similar to years past, I submit to you the financial needs of Yonkers – now the State’s 3rd largest city.

YONKERS PUBLIC SCHOOLS

Let’s start with our schools.

Over the years, you’ve heard me speak of Yonkers Public Schools’ staggering deficiencies because of the antiquated Foundation Aid Formula. Deficiencies in funding has led to deficiencies in services. Our job now is to provide equity in services to our students – to mirror the successes they’ve made in the classroom -- achieving a 90% graduation rate, the highest among the Big 5. We need greater investments in programs like our Career & Technical Education program (CTE) which is a feeder program in building our local workforce. Growing in population over the last 10 years means the need for more equitable and inclusive funding to support those new families living here, including greater investments in our UPK and multi-lingual learners programs.

But in 2022, my hopes are high. I applaud Governor Hochul on her proposal of fully funding the formula in her Executive Budget and thank the Legislature for starting the process last year. This is a sign that education is a priority we mutually share. My hope is that in the near future, with the proper funding, we can fulfill our District’s ultimate potential.

As we look to fully fund the Formula, we need to address one of the fundamental problems. The Regional Cost Index, or RCI, is a key component of Foundation Aid and is meant to adjust for geographic variations in the cost of educational resources. Located in Westchester County, which has the highest median house prices of any county in the state and nearby wealthy school districts, such as Bronxville and Scarsdale, competing for, and retaining professional talent, can be financially challenging. Yonkers, instead, is grouped with the smaller local economies in upstate and western New York, putting us as at a disadvantage for Foundation Aid.

Add to this, the current RCI Index that is used to formulate Foundation Aid has been frozen since it was calculated in 2006. In that time, Westchester and Yonkers has grown in population, students and development. By correcting this, Yonkers could receive approximately \$18 million more (based on 2012 statistics) by FY24 when Foundation Aid is completely phased in. That would be a game changer for us.

WIN BIG FOR YONKERS

This legislative session, I will continue to advocate for the extension of full gaming to Yonkers' MGM Empire City Casino. Each year, New Yorkers statewide directly benefit from the more than \$300 million Empire City generates annually for state education -- despite having a limited gaming license and functioning in a restricted regulatory environment. Since Empire City's Video Lottery Terminals' inception, the Casino also has brought in \$4 billion to offset the costs of education in New York State.

I am pleased that Governor Hochul's budget calls for statutory changes that would enable the state to issue the three remaining casino licenses pursuant to a competitive bid. I encourage the Legislature and Executive to work together to ensure that the final budget includes a timely process that will ensure these licenses can be issued quickly, in a way that best helps New York recover. I am confident in MGM Resorts' ability to compete for and win one of the remaining commercial casino licenses.

We have an opportunity in Yonkers and the region to have hundreds of millions of private capital dollars invested in the development of Empire City Casino. This investment will create:

- 1,000s of jobs for the building and construction trades
- over 10,000 direct and indirect hires, including at least 2,000 direct new hires at Empire City – in every department including marketing, finance, human resources, food & beverage, hospitality and so much more.
- This would result in an expected \$1 billion impact in the area surrounding Empire City.

It is no surprise that there is strong community support for a full commercial gaming license at Empire City Casino. The support is strong across residents, community groups, unions, businesses and nonprofit organizations. A vocal alliance formed with over 70 different groups – naming itself *A Sure Bet for New York* – have been working hand in hand with local and state officials to demonstrate their support and highlight the benefits to the communities, region and state.

MGM Resorts has said that it is prepared to pay a \$500 million license fee, which far exceeds what the State commissioned gaming market study indicates a gaming license in Yonkers might be worth. In addition, MGM Resorts is expected to invest another \$450 million in private capital investment for Phase 1 development of the site, which is expected to see additional development phases over the next several years.

It is also essential that the revenue sharing structure is fair to the City of Yonkers. The Governor's proposed budget envisions a proposed tax rate based on competitive bids. While this might maximize the overall tax paid, it does not address how it will be divided between the State and the host communities. Yonkers School District currently receives \$19.6 million a year in Video Lottery Terminal aid from the State as a result of the \$300 million that Empire Casino generates for the State's Education Fund. In addition, a variable impact agreement sends approximately \$1.5 million annually to the City directly from the Casino to help pay for additional municipal costs. Fairness in new legislation should require that Yonkers Public Schools also receive a share of the additional revenues that will result from full gaming at Empire Casino. This is a one-time opportunity to provide a permanent revenue stream that addresses the City's ongoing structural budget deficits.

Allowing Empire City Casino to develop to its full potential is key to the future of the City of Yonkers. It is time for New York to authorize the remaining full-scale commercial casinos to create jobs and revitalize our economy.

REBUILD YONKERS SCHOOLS

I'd like to revisit the environment in which our students learn.

I've come here before to speak to you about the physical conditions of our schools. I've outlined for you the environments in which many of our students are required to learn. Our schools are 4,500 seats over capacity for a district size of nearly 30,000 students; and nine of our schools are over 100 years old.

We've tried to take matters into our own hands to fix the problems. Today, we now are well on our way in constructing a new school at the old St. Denis site for grades pre-k through 8, dedicating it as the Justice Sonia Sotomayor Community School.

During the last six years advocating to Rebuild Yonkers Schools, you've heard our call for funding. While we are appreciative the delegation approved the double MCA (Maximum Cost Allowance), there still is a limit of what we can pay. With your help, we can build two more schools.

A recent building survey was conducted by Yonkers Public Schools, and submitted to the State Education Department, indicating the need for \$2 billion in school construction and repair costs. Included in that are capital projects at an expected cost of \$127.5 million. There are also 15 projects in design at a cost of about \$69 million. If those numbers sound high, consider this: a 2015 survey of all capital needs at Yonkers' 40 schools showed 27,000 items needing to be addressed. The cost of addressing them all would cost about \$567 million. This is not sustainable - Yonkers still cannot afford to rebuild these schools on our own. The building aid reimbursement ratio needs to be increased to improve our existing schools.

In the absence of any change in the formula, I again ask that a Capital Block Grant in as much as \$100 million be made available to Yonkers to offset the local taxpayers' share of this project. While it will not completely cover all the costs, it will make this ever-important capital improvement plan to our schools more affordable. Our students cannot wait. It is time to keep the momentum going on rebuilding our schools

CITY/STATE PARTNERSHIP

Last month, Governor Hochul outlined her Executive Budget to include record investments in our state, from clean energy, healthcare, COVID relief to infrastructure. I want to applaud the Governor for her continued commitment to New York.

But as you know, over the years, municipalities have taken a big hit when it comes to AIM, which affects how we operate the now third largest city in NY. Since 2012, Yonkers taxpayers have sent the State an additional \$268 million via personal income tax (PIT) and sales tax above what the State has provided in AIM and education funding over the same period. During that time, AIM has remained flat. If AIM had increased consistently with the State's 2% growth during that same time, we should have received \$126 million more, or \$24 million more annually.

Aside from Yonkers building a new school, the City of Yonkers also remains the only Big 5 City that pays for 100% of its School District's debt service, which is above and beyond the legal requirement of the Maintenance of Effort. Flat AIM and staying within the tax cap hinders our ability to fund education.

Our budget continues to grow each year in order to pay for a workforce, which makes up 74% percent of our budget. Over the past 12 years, fringe benefits have grown by 76% or \$74 million annually. For 2022, the NYSHIP Empire Plan Family Plan is going up by 12.5% alone. We also are dealing with expired union contracts and the rising costs to settle them.

The challenges of running a big city is also evolving with ever-changing technology. In September, the City of Yonkers was hit with a ransomware virus, and while we were able to work through it without paying ransom, the City needed to invest approximately \$600,000 over the ensuing 60 days. We added to our City's backup systems, changed our security software and purchased new hardware. Going forward, I need to make this a priority in our reoccurring budgets. All said, we will need to invest an additional \$800,000 annually in costs for important cyber security measures in order to prevent future, more damaging attacks.

Like school aid, we are deficient in growing or expanding services for our residents without going hat in hand to our taxpayers for tax increases, breaking the tax cap or layoffs – all just to make ends meet. If the State fulfills its partnership with its local municipalities, we have no reason to make these cuts.

In the face of decreased AIM funding, rising costs and a devastating global pandemic, we are without other options. New York State must fulfill its Constitutional responsibility in supporting their local governments. Now is the time to increase AIM funding and to revive the partnership between the State and the cities.

YONKERS IS LEADING THE WAY

Yonkers has come a long way in the last ten years. With the help of our State Legislature, we've made amazing strides in changing the face of Yonkers. We've already seen amazing returns on your investments. I look forward to working with you and Governor Hochul. Thank you.



MAYOR MIKE SPANO