

city of YONKERS



**Testimony on the
2024-25 Executive Budget Proposal
Joint Legislative Budget Committee**

Mayor Mike Spano
City of Yonkers

February 6, 2024

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, Assemblywoman Mary Jane Shimsky and Assemblyman Gary Pretlow.

Thank you for welcoming me.

I respectfully submit to you the financial needs of Yonkers – the State’s 3rd largest city.

YONKERS PUBLIC SCHOOLS

Let’s start with our schools.

During my time as Yonkers Mayor, I’ve made it my priority to work hand-in-hand with Yonkers Public Schools – being their voice and advocate here in Albany and at home. Together with your help and strong leadership within our District, we’ve been able to work our way back onto the path towards educational and fiscal stability. Yonkers’ growing population over the last 10 years has meant the need for more equitable and inclusive funding to support new families living here and that means the need for more funding for our Yonkers Public Schools. Whether it be for programs like our Career & Technical Education program (CTE), which I know Governor Hochul fully supports, or for a more specialized teaching staff, or for the rebuild of our schools’ aging infrastructure, your commitment has never been as crucial as it is now.

Let’s start with the hard facts: Yonkers is the largest city in Westchester County with the third largest K to 12 in district enrollment in New York State (NYS). Yet, we are only ranked 282nd in per-pupil Foundation aid as it was fully funded in the FY24 Adopted NYS Budget. For the past decade, we haven’t let this prohibit us from our obligation to provide sound and effective education for our students. We’ve made progress, despite challenges. We’ve continually increased our contribution to our schools through a Maintenance of Effort which cannot be reduced. In addition, as noted in previous testimonies to you, we now contribute \$1,400 more per student to our schools than our three big sister cities combined.

This year, Yonkers expects a loss of \$12 million in bullet aid and a loss of \$33 million in federal aid, which means our schools will see a loss of \$17 million in combined State and Federal Aid. Considering that the District relied upon a large chunk of its reserves, \$33 million, to balance FY24, the loss of revenue is actually \$50 million. This is exacerbated by another \$4.8 million because of the proposed change in the CPI calculation of Foundation Aid – leaving the District with a projected budget gap of \$87 million.

How did we get here? One critical reason is our growing cohort of students with learning differences. As we navigate our way through the effects of COVID in the last two years, we've seen a staggering increase in services needed for our students. Our special education enrollment has increased 14% in just two years. What's even more concerning is the intensity of the services required to address any learning differences has increased by 21%, which puts more of a strain on our specialty staffing needs, meaning more therapists and aides. This also results in increased transportation costs needed to bus these students to outside districts to receive the specialized services they require. The projected increase in special education transportation and out of district tuitions for FY25 is \$9.7 million. As you know, only a small portion of this expense will be reimbursed in the following year, so the budget must absorb 100% of these costs in FY25.

Additionally, while I am deeply appreciative of the recent injection of money to local districts to combat pandemic learning loss and mental health issues, it skims the surface of what Yonkers needs to recover from the absence of American Rescue Plan Act (ARPA) funds. Last year, we sounded the alarm on the inevitable deficit. Well, I regret to say that day is finally here. With the assistance of our federal government in recent years, Yonkers Public Schools was able to recover from lost in-person instruction and address longstanding educational disparities that worsened because of the pandemic. ARPA aid provided us \$33 million to staff music, reading, special education, art and language teachers, guidance counselors, psychologists, social workers, nurses, public safety and school aides. With the elimination of ARPA this year, we now are looking to cut those 210 full time positions from our District. The drastic effects of these staff cuts cannot be overstated.

So how can the State assist us? I ask the \$4 million state grant you earmarked for us become reoccurring aid.

I also am advocating once again for a multi-year commitment of \$12 million bullet aid and an adjustment in the Regional Cost Index, or RCI, which is meant to adjust for geographic variations in the cost of education 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 (70% of experienced teacher hired in Yonkers come from the New York City district). Yonkers, instead, is grouped with the smaller local economies in upstate and western New York, putting us at a disadvantage for Foundation Aid by routinely underestimating the cost of education and the state's contribution thereof for the past 18 years. Yonkers, which is a downstate district, should be compared to other downstate districts.

The Foundation Aid formula has two goals: 1) annually calculate what it costs to successfully educate a student in each district and 2) how should this cost be apportioned between the state and the local district. There are two major components of the cost calculation: the Consumer Price Index (CPI) and the Regional Cost Index (RCI). This year, we now know that miscalculating the annual CPI can have a profound impact on Foundation Aid. Yet, the Regional Cost Index, gets overlooked every year and hasn't been changed since 2006. We don't need to reinvent the wheel to find a better model. Regional cost factors used in building aid are updated annually and classified by county, which provides a much more accurate assessment of cost for each district rather than the current Foundation Aid RCI.

Westchester County's building aid regional cost factor is currently the second highest in the state and higher than both the Long Island counties who receive a higher Foundation Aid RCI. This is a giant misalignment in the formulas and is why Yonkers, who has a student body poverty rate of 73%, was ranked only 282nd in Foundation Aid per Pupil in FY24. Our Regional Cost Index should have a carve out, similar to what the State did for minimum wage in Long Island, New York City and Westchester. At a minimum, we need the recognition that the towns or cities that border New York City to the north compete for professional talent at similar costs.

While the Yonkers School District is a model urban district, achieving the highest graduation rate of the Big 5 for the last eight years, it has done so with non-recurrent revenue. Currently, Yonkers Schools are edging towards severe cuts without guaranteed funding. We've come to the limit of what the City and our residents can afford. I suggest that if you memorialize your commitment to Yonkers Schools, we will see a greater return-on-investment.

CITY/STATE PARTNERSHIP

We also know that the reduction in capital improvement funds and the Foundation Aid ratio lead to another issue that is creeping up on cities across the state, including Yonkers. The staggering rise in healthcare costs is suffocating us. With combined City and Board of Education healthcare costs at \$200 million, a 13% increase in healthcare costs for FY24 is a year over year increase of \$26 million. That equates to almost a 6% increase in property tax levy, which violates New York State's property tax cap three times over. This is not feasible for any city. In the case of our Schools, paying for an increase of \$17 million in health insurance leaves little left for the classroom.

Without the proper Foundation Aid, Yonkers is left to pull from AIM aid to carry this weight.

This leads me to my annual plea for assistance in regards to aid to municipalities. As you know, over the years, municipalities have taken a big hit when it comes to AIM, which affects how we operate. State Comptroller DiNapoli agrees with this assessment, stating that the purpose of AIM is for New York to provide revenue sharing to its localities.

Since 2012, Yonkers taxpayers have sent the State an additional \$418 million via personal income tax (PIT) and sales tax above what the State has provided in AIM and education funding over the same period. This amount excludes Yonkers residents' contribution to lottery and casino taxation. During that time, AIM has remained flat. If AIM had increased consistently with the State's own 2% growth during that same time, we would have received \$152 million more, or \$26 million more annually.

We also need to consider the ongoing effects of the global pandemic. According to the federal government's calculations, the City lost over \$160 million in potential revenue during the pandemic. Yonkers was fortunate enough to receive a relatively small allocation of ARPA funding and we used approximately 25% of it to fund small businesses and to provide housing assistance to keep residents in their homes. The balance went to maintaining vital services, such as public safety, critical infrastructure support, parks maintenance and city cleaning. With the understanding that ARPA funding was a one-shot and that heavily relying on these funds would cause a cliff, the City planned to utilize the revenue

as only a temporary bridge to get us through the pandemic while our economically sensitive revenues recovered. We were judicious with our spending and put aside reserves to assist with the drop-off in ARPA funding in case our revenues stalled and expenditures crept up. Unfortunately, like other municipalities, this is exactly the challenge that we now face. Rising interest rates are causing higher debt service costs. Inflation has increased expenditures, including health insurance, pension and social security. Collective bargaining contracts were settled in a fashion that were fair to both the taxpayer and to the employees at rates among the lowest in the Big 5.

On the revenue side, growth has subsided and our economically sensitive revenues have plateaued over the past few years. The FY25 budget projects economically sensitive revenues at approximately \$20 million lower than Yonkers received three years ago in FY22 because of the effect of higher interest rates on housing related revenues. Because of this, in last year's budget, the city made a tough choice of using the bulk of our rainy day funds, which we worked so hard to amass, by appropriating \$88.9 million of reserves, representing 14% of the total general fund, to avoid a loss of services in hopes of buying time for an economic stabilization. Unfortunately, after three years of plateauing economic revenues, elevated expenditures, and our continuing commitment to the school District, the level of reserves have been greatly reduced making balancing the FY25 budget a great challenge.

Without going hat in hand to our taxpayers who are already at their limit, flat AIM hinders our ability to properly fund education, expand our municipal services and pay for the growing costs of our workforce, which makes up 74% percent of our budget.

In addition to increased AIM, I would be remiss if I did not also address the critical role the commercial casino licenses will have in the growth and stability of New York's third largest city. As the state continues its work to determine the process and timeline for the application process for the remaining three commercial casino licenses, the City of Yonkers is hard at work on the required zoning and environmental studies needed to properly evaluate the application of MGM Resorts, owner and operator of Empire City Casino and Yonkers Raceway.

This year we celebrate the 125th anniversary of this historic venue. Over its 17 years operating as a VLT casino, Empire City has generated nearly an astounding \$5 billion dollars for state education. Yet we know we haven't even begun to see its full potential. Yonkers currently receives \$19.6 million annually as a host city, as a result of the more than \$300 million that Empire City generates for the state's education fund, plus a variable impact payment ranging from \$1.5 to \$2 million directly from Empire City, to offset municipal costs. If Empire City is awarded a full casino license, the City of Yonkers will be entitled to 10% of gaming taxes generated by this entertainment destination.

There is a lot of attention on the applicants interested in siting a casino in New York City. Although we wish them luck, we are pleased that the casino enabling statute mandates that licenses not just be awarded to the "highest bidders," but instead ensures that the process focus on smart development that meets the needs of the surrounding communities, as well as the State's goals and objectives.

The community excitement around the development plans of MGM Resorts is palpable and has been long-awaited, not just by the residents of Yonkers, but by the entire region. We are proud to share a border with the borough of the Bronx and we know this location, with its proximity to the roads and bridges that lead directly to New Jersey, Connecticut and Pennsylvania, will be the most successful commercial casino in this state when it's developed. MGM Resorts has unveiled its design plans, which have gone through multiple iterations to meet the needs of the state, city, and region, and tripled its planned investment. The support for the application of MGM Resorts in Yonkers is strong and I encourage all members of the legislature to stay highly engaged in this process as it moves forward. It is critical to the future of our city, the near quarter of a million residents that call it home, and our deserving student population.

I'd also like to bring your attention to our municipality's aging infrastructure needs. Each year, the City of Yonkers bonds millions of dollars and utilizes CHIPS funding allocated in the New York State budget to pave our roadways. We have always appreciated the partnership with the State of New York, whether in the form of CHIPS funding to maintain our own infrastructure needs, Pave Our Potholes (POP), NYS Touring Route Program (TRP) funding and/or the New York State Department of Transportation (DOT) paving its own roadways. Yonkers will be using a large portion of the recently allocated \$3.2 million in TRP to pave large sections of Central Park Avenue. However, several other major state corridors which include Nepperhan Avenue, Old Nepperhan Avenue, Tuckahoe Road and the entire length of Riverdale Avenue located on the City's west side, are in desperate need of repaving. None of these roadways have been paved in well over a decade and the depressions and conditions are worsening with each passing day. The condition of these roadways have failed beyond normal maintenance as described in the current arterial agreement. Any assistance that you could provide in ensuring these heavily traveled roadways are included in the DOT's upcoming paving schedule and/or additional resources are allocated for them would be greatly appreciated.

Finally, Yonkers, like much of our region, has been continually hit by 'historic' rainstorms, causing devastating flooding and damage to city, school, private and residential properties. Yonkers is home to more than 15 flood-prone neighborhoods, plus dozens of roadways. With infrastructure over 100 years old and storms hitting us more than ever, our funding options are left dry. I respectfully request the State earmark greater funding for storm water issues due to global warming impacts for Yonkers. It is essential to the area's quality of life and economy.

Thank you

In summary, I firmly believe that as legislators and chief executives, we have an obligation to those who elect us to work in concert and establish a partnership that benefits all. Together, let's recommit to that partnership so that we all succeed.

Yonkers has come a long way in the last twelve 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 and I am excited to see what the future holds. I look forward to working with you and Governor Hochul. Thank you.



MAYOR MIKE SPANO