

Testimony by Mayor Bill de Blasio
before the Senate Finance and Assembly Ways and Means Committees
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Albany, New York

Thank you, Chair Young and Chair Weinstein. I want to thank the ranking minority members, Senator Krueger and Assemblyman Oaks. I also want to thank our legislative leaders: Assembly Speaker Heastie, Senate Majority Leader Flanagan, Senate Democratic Conference Leader Stewart-Cousins, I.D.C. Leader Klein, and Assembly Minority Leader Kolb. I also want to give my thanks to all members of the Legislature here today.

I'm joined by two key members of my team: Our Director of OMB, Melanie Hartzog and Our Director of State Legislative Affairs, Simonia Brown.

I want to thank this Legislature on behalf of the 8.5 million New York City residents.

Over the past four years, New Yorkers have seen change happen quickly. Thanks in part to our work with this legislature.

Together: We've given 70,000 children a head start in life through Pre-K for All.

Together: We've helped people throughout the five boroughs stay in the neighborhoods they helped build.

Together: We've saved lives and prevented tragedies by expanding Vision Zero.

Together: We've made New York City safer, stronger and fairer.

Now, I want to turn to the City's FY19 Preliminary Budget, which I presented last week. It included important, but modest new investments. They were undertaken with one goal in mind: To make New York the fairest big city in America.

These investments include: \$200 million for heating upgrades to the 20 NYCHA developments most in need; \$12 million for the rollout of body-worn cameras to all NYPD officers on patrol, a year ahead of schedule; \$7 million for additional staff to implement new tenant harassment prevention laws enacted in partnership with the City Council.

As always, our budget is balanced and based on careful management of our resources. This is particularly important given what we are seeing in Washington. Without further action from Washington, federal policies could have a \$700 million negative impact on our FY19 New York City Budget.

This includes: Cuts to DSH or Disproportionate Share Hospital payments, that will cost H+H \$400 Million; a corporate tax rate cut in the new tax law that will make the Low Income Housing Tax Credit less valuable, adding \$200M a year in capital dollars to our bottom line and

making affordable housing production more expensive; and the new tax law eliminates a form of bond refinancing we use to save money, with an estimated cost of \$100 million a year in savings.

There are also negative consequences for our residents' bottom lines. The new tax law caps the State and Local Tax deduction and eliminates the personal exemption. That means hundreds of thousands of New Yorkers – most earning less than \$100,000 – will pay more taxes. I commend the Governor for trying to find ways to blunt the effects of the new tax law and I look forward to working with him and the Legislature on solutions.

In addition to the tax law, we are also anticipating a budget proposal from the Trump Administration in the coming weeks that will likely be as painful as the last one.

Now, I would like to turn to the Governor's Executive Budget. Last year I made the point that New York State succeeds when New York City succeeds and vice versa. And that is even more important now.

There are key items in the Executive Budget that are positive for our state and city.

I've been speaking for years about the urgent need for election reform. All New Yorkers should be glad that early voting and same-day registration are in the Executive Budget. And I want to applaud the Assembly Democratic Conference's past work on this issue. Exercising the fundamental right to vote is just too difficult in our state. Two million New Yorkers, one million of them in the city, aren't even registered.

I urge the legislature to include early voting and same-day registration in the enacted budget. Please include other critical reforms: No-excuse absentee ballots; electronic poll books; and pre-registration for 16- and 17-year olds.

It is important that the Dream Act is in the Executive Budget, given what is happening in our country. New York can lead by example by helping all of our students and I urge you to include the Dream Act in the enacted budget.

We are pleased the Governor included Bail Reform and Speedy Trials in his Executive Budget. This will help reduce the population in City Jails and accelerate our efforts to close Rikers Island.

For the first time in 85 years, we have made it the City's policy to close Rikers Island. But to do so we need to reduce the number of people incarcerated.

The City has taken prudent steps to reduce our jail population by 21 percent, bringing the number of incarcerated people to around 9,000.

We have achieved this by driving crime to historic lows; reducing arrests for low-level infractions; and making a \$20 million annual investment in supervised release and case-delay mitigation.

And we are now able to close the first of the nine jails on Rikers Island.

I support ending money bail, and I think we should go further, letting judges factor risk to public safety into bail decisions for all cases, while providing them tools to minimize racial biases.

Now, I would urge you to pass another helpful legislative change – not in the Executive Budget – that would allow City prisoners serving less than a year to earn reduced sentences for good behavior, like they can in State jails. In addition, I would urge the State to move state-supervised parolees in City jails that violate parole into available space in State correctional facilities.

The changes that I have just outlined would help reduce our jail population by another 1,800 people, bringing us closer to our stated goal of 5,000.

Another key element in the closure plan is the construction of the necessary borough-based jails. Design Build authority for the construction of local correctional facilities would help speed up the construction timeline.

We are also improving the culture inside of the jails. Our corrections officers are receiving new professional development and support. All inmates in our jails now receive five hours a day of therapeutic, vocational and educational programming. We have reduced the number of people in punitive segregation by 80 percent and ended it for women and those under 21. This spring, through the Jails to Jobs program, everyone who leaves jail following a City sentence will be offered a transitional job.

Now, I would like to talk about another critical step in closing Rikers Island: removing 16- and 17-year-olds. I want to thank you for your historic vote to enact Raise the Age. But I am concerned that the FY19 Executive Budget makes this an unfunded mandate, by providing zero guaranteed funding. This will cost the City at least \$200 million per year.

The City is working to comply with this mandate. We're renovating two facilities: Crossroads, in Brownsville, Brooklyn; Horizon, in Mott Haven, the South Bronx.

For additional capacity, we need the Ella McQueen Juvenile Reception center in Ocean Hill, Brooklyn transferred to the City. I urge you to help make this happen. We cannot meet the October 1st deadline without this center serving as our intake facility.

The Executive Budget also defunds the City's juvenile justice facilities under the Close to Home program. This cut undermines this signature reform designed to keep kids closer to their families. It will cost \$15.3 million in FY18 and \$31 million in FY19.

Now I would like to discuss a number of areas of concern in the Governor's Executive Budget.

I've made it clear the city should not be required to pay half of the MTA's Subway Action Plan. Our current contribution to the MTA is a big reason.

New York City residents, workers, businesses and government contribute nearly 70 percent of the MTA's total annual revenues, more than \$10 billion. City government alone makes an enormous investment in the MTA. This is comprised of: \$900 million annually in funding; and a further \$900 million of in-kind contributions including, NYPD, homeless outreach and debt service. This represents a \$200 million increase from last year. And in 2015 the City committed \$2.5 billion to the MTA capital plan – the largest general capital contribution in history.

But it's clear that the MTA needs a long-term, dedicated revenue source. I have proposed a Millionaire's Tax to pay for infrastructure and fair fares for low-income straphangers. I urge that this proposal be included in the enacted budget.

A recent panel report commissioned by the Governor proposed a form of congestion pricing that would serve as a dedicated revenue source. I was pleased to see East River bridge tolls removed and the inclusion of block-the-box automated enforcement. I also support the Panel's focus on commercial and for-hire vehicles. I urge the Legislature to consider expediting a surcharge on For-Hire Vehicles and an added surcharge for taxis. This would even the levels of surcharges on both types of vehicles and address the MTA's immediate budget requests.

If there were a congestion pricing plan, there are several measures critical for New York City residents: A requirement that all proceeds are invested in mass transit in the five boroughs only; the City of New York needs the ability to sign off on transit projects and priorities; any pricing scheme for passenger vehicles should take the needs of New Yorkers with hardships into account, including low-income New Yorkers and those with disabilities.

Now, I want to focus on some areas of concern when it comes to the MTA in the Executive Budget.

The first is a "Value Capture" proposal that would grant the MTA the power to raid our property taxes on properties within a one-mile radius of certain projects. This proposal would cost billions and blow a hole in the City's budget, forcing us to cut back on essential services like police, sanitation and schools. This should be a concern for every local government.

I was encouraged by the Governor's recent comments that portrayed this as a choice for the City, not a mandate. I would urge that you remove this provision from the enacted budget.

Another MTA proposal in the Executive Budget that would devastate City finances is the mandate that the City pay all capital costs for the NYC Transit Authority. That means tens of billions in new capital obligations. And it is based on the false premise that the city is legally responsible for paying the New York City Transit's capital costs. Sixty five years of statutory provisions, lease agreements, and funding history, prove otherwise. I respectfully request that you reject this proposal.

Now, I would like to turn to the topic of education.

Bringing Equity and Excellence to the city's school system has been the core mission of my administration. With your help, we're making sweeping reforms designed to ensure every child, in every grade, in every neighborhood fulfills their potential. These include, giving our kids a great start with Pre-K; working to bring all students to reading level by third grade; and offering AP courses to all high school students.

The proposed \$248 million increase in education aid in the Executive Budget falls short of the increases in previous years and short of what the City needs to continue to bring Equity and Excellence to our schools. Since 2008, the City's share of education spending has increased to 56 percent from 49 percent. Meanwhile the State share has declined to 36 percent from 41 percent.

Over two years, with your help, we increased the Fair Student Funding average from 88 percent to 91 percent by raising it for 787 schools. Today, all Community and Renewal Schools are at 100 percent. I want to note: Any school that leaves Renewal status remains a Community School at 100 percent of FSF. But the State Campaign for Fiscal Equity obligation still has not been fulfilled. If the State fulfills its CFE commitment, we will use that funding to get every school to 100 percent by FY22.

Especially problematic in the Executive Budget is a provision that gives the State Division of Budget a virtual veto on school district spending. This could lead to arbitrary decisions and could jeopardize the Equity and Excellence vision that we know is working.

We join the State Education Department and school districts statewide who are concerned about this, and we ask that you do not tie up much-needed resources for our students through added layers of bureaucracy.

The Executive Budget also shifts a variety of Charter School costs to New York City alone. In FY19, these costs amount to more than \$144 million currently borne by the State. These costs are comprised of: \$120 million from the elimination of the State reimbursement for supplemental basic tuition to charter schools; \$24 million from a proposed cap in reimbursement for the rental costs paid to Charter Schools.

The State made a commitment to fund the additional tuition and a portion of the rental support. The State should continue to pay those costs, rather than placing an unfunded mandate on the City.

The Governor's Executive Budget would make an arbitrary funding cut of \$65 million in FY19 to Special Education. Last year this funding supported 200,000 students.

At a time when the City is making significant investments in our child welfare system, the State proposes to cap reimbursements for State Child Welfare funding. The cap is aimed just at New York City and has a potential impact of \$64 million in FY18 and \$129 million in FY19. This would harm our efforts to keep kids with their families and out of foster care.

Now, I'd like to turn to the homelessness crisis.

We have made unprecedented efforts to address homelessness including: Access to counsel in housing court; outreach to street homeless through HOME-STAT, the most comprehensive outreach program of any major city in the country; and working toward a smaller, borough-based shelter system. We are seeing progress. We have moved 60,000 from shelter to permanent housing.

We know HOME-STAT is working. Since 2015, we have moved nearly 1,500 people off the streets. Rather than proposing to withhold City Shelter funding the State should support our outreach efforts.

The Executive Budget also cuts \$9 million from the City's rental assistance program for working families, LINC 1. That will make it harder for 1,800 New Yorkers in shelters to find permanent housing. I urge the Legislature to restore this cut.

Before I conclude, there are just a few issues not in the budget that we think deserve your attention.

Design Build has accelerated dozens of State infrastructure projects and saved taxpayers billions. New York City taxpayers deserve this same advantage. Here are two examples of projects we could complete more quickly and efficiently if we had this tool: the major rehabilitation of the BQE Triple cantilever that 15,000 large trucks pass over on a typical day; the installation of crucially-needed boilers in NYCHA developments.

While we're on the topic of NYCHA, my Administration came into office dedicated to reversing decades-long disinvestment and we have made unprecedented investments including: \$1.9B in capital for roof replacement benefitting 179,000 residents, facade repair at 364 buildings, and security improvements at 15 developments.

This winter we added \$200 million capital to upgrade heating systems at the 20 developments. This adds up to a total capital investment of \$2.1 billion. Now, I am asking for your support in matching the City's \$200 million investment in heating systems.

In addition, we are investing \$9M in capital and \$4M in expense for rapid-response teams and mobile boilers to keep residents warm. Beyond our capital investment in NYCHA, the City contributes \$1.6 billion in operating expenses.

Another issue not in the Executive Budget is: Civil Rights Law Section 50-a. It prohibits the disclosure of personnel records of law enforcement and other uniformed personnel without a court order or an employee's written consent.

We have introduced a bill that would allow the NYPD to post all pertinent disciplinary information, a summary of the judge's decision and the Police Commissioner's final determination on the NYPD website at the conclusion of an administrative disciplinary process. I urge you to support this bill.

Finally, I want to mention that the City's critical, life-saving speed camera program that you worked to pass expires this year. Let's not just extend it, let's expand it and loosen location restrictions to cover all the streets our school communities use.

I want to thank you all for what you have done and look forward to another four years of working together.

