



**Testimony on the
2015-16 Executive Budget Proposal
Joint Legislative Budget Committee**

Mayor Mike Spano
City of Yonkers

Wednesday, February 25, 2015

Good Afternoon Chairman DeFrancisco, Chairman Farrell, members of the Senate and Assembly, particularly my friends and former colleagues, and our Yonkers Delegation, Senate Democratic Leader Andrea Stewart-Cousins, Senator George Latimer, Assemblywoman Shelley Mayer and Assemblyman Gary Pretlow. Thank you for welcoming me.

The Challenges Facing Cities

The model that governs cities is outdated. The economy has changed and industrial cities will never replace all of the manufacturing jobs that left for states in the South or overseas and the tax revenues that left with them. I don't need to prove to you that our infrastructure is in dire need of maintenance, repair or replacement. You know that. So instead, let's talk about what it means.

Cities are and have always been the population centers of the country and New York State. Nationally, more than 80 percent of Americans live in cities. Nearly half of all New Yorkers live in the Big 5. The state's dependent populations by and large live in our cities, too. If you live in poverty, if you are the recipient of safety-net benefits like TANF or food stamps, if you live in public housing, are homeless or a recent immigrant to this country, you are more likely than not to live in a big city.

The cost of caring for these populations falls disproportionately on cities, and they are growing. Westchester County's homeless population receives shelter and care in Yonkers, not the surrounding towns and villages. Yonkers makes up 20 percent of Westchester's population, but 40 percent of all affordable housing. The poor students in Westchester attend public school in Yonkers, not Scarsdale or Bronxville.

Yonkers is proud of its economic and ethnic diversity. We are proud of our immigrant past and look forward to our immigrant future. And we proudly accept the responsibility of caring for those in need, but New York State must accept that the financial burden of caring for dependent populations cannot fall on cities alone.

I applaud Governor Cuomo's Ten Point Opportunity Agenda to combat poverty and fight income inequality in New York. The Governor has proposed meaningful initiatives that, if enacted, have the ability to truly make a difference in the lives of so many New Yorkers, especially those in the cities.

I also thank the Governor for his new \$1.5 billion Upstate Economic Revitalization Competition and the \$20 million Five Cities Energy Plan competition. While some have criticized the Governor's approach in distributing the funding through a competition, we're excited it. I am confident that Yonkers will successfully compete against any municipality in the state, and in the coming weeks and months we will make the case for being awarded with a large share of that funding. But this year, in this budget, the State has an opportunity to make an immediate, positive contribution to cities. It starts with reviving the partnership.

Reviving the Partnership between the State and Cities

A partnership has long existed between New York and its cities. It comes in the form of the Aid and Incentive for Municipalities program, or AIM, which was created to provide relief to municipalities that do not have the tax base to generate revenues on their own. But because of recession-era budgets, the partnership has faded.

Yonkers has taken a big hit when it comes to AIM funding, and under the Executive Budget Proposal, AIM is flat once again this year. Let's look at the numbers: AIM is down 20 percent – or \$27 million – from 2009. When you adjust for inflation, AIM is actually less today than it was in 2007, even as the cost of everything for the City of Yonkers is increasing: health care by 6 percent this year; workers' compensation by ten percent; pensions; debt service; infrastructure needs; you name it. Since 2008, employee retirement costs have increased by 112 percent; Police and Fire retirement by 57 percent; and workers' compensation by 90 percent.

Because of the 2 percent property tax cap, our ability to make up for lost AIM revenues is limited. Under the property tax cap, we can only collect \$6 million in additional revenues, not nearly enough to meet the demands of rising costs and the combined City and School District gap of \$77 million. And the truth is, Yonkers residents are already overtaxed. In Yonkers not only do our residents pay property taxes, but they also pay an income tax – the only place outside New York City where that is the case. You've all seen the check-off box on your own tax returns. As a result the total local income and property taxes per capita paid by Yonkers residents is \$703 annually. This compares to per capita property taxes of \$143 in Buffalo, \$177 in Rochester, and \$202 in Syracuse. And that doesn't even include sales tax, water and sewer fees, and the real estate transfer tax that Yonkers residents pay.

Now, we realize that property values are lower in the upstate cities, as are incomes and the cost of living. But are these differences four times higher? Because Yonkers residents are paying **four times more** than the residents of Buffalo, Rochester and Syracuse. And when you look at the municipal contribution to education, taxpayers in the City of Yonkers spend more on their schools than the cities of Buffalo, Rochester and Syracuse combined.

When I came into office, all seven of the City's municipal labor unions were operating under contracts that had been expired for three years, and no money was set aside to settle with our workforce. Today, we've adopted or reached agreements with six unions, but it comes at a cost. While our workforce has worked with us and agreed to concessions that will soften the blow to taxpayers, the 2 percent property tax cap and \$9 million in annual retro payments make it impossible to keep up.

So in the face of inadequate AIM, rising costs, settled contracts and an inability to collect tax revenues sufficient enough to keep up, we are left with two options: cut and borrow. Last year, I spoke about *Push-Down Economics*; the pushing of the burden from the federal government to the state government to the cities. The push continues and it's devastating communities all across New York; cities like Yonkers who have cut to the bone.

Mayor Mitch Landrieu of New Orleans summed it up like this: Our generals are taking away our weapons, our armor and our tools, but we're still being asked to fight and win.

How can we win when our young people are suffering, sports and enrichment programs are eliminated and kids are left with nothing to do? How can we win when cuts are hurting our seniors, caseworker positions are cut and fewer seniors receive the services they need?

Mayors are the frontline, taking direct fire from the recession-era budgets. As a mayor, I see the impacts of these cuts each and every day. I see the residents who suffer from cuts to CDBG, which is down 22 percent from 2010 and HOME, down 50 percent from 2010.

I see the impact cuts have on public safety. When cities cut, our streets become less safe. Take a look at Yonkers' departmental expenditures and you will find that most of our expenses are for wages, and nearly 70 percent of those wages are for public safety. So a cut in Yonkers means one less cop on the beat and one less firefighter ready to protect a home or small business, the American Dream, from going up in flames.

I want to say unequivocally that I have tremendous respect for the work you do here in Albany and back in your home districts. As a former colleague, I had the pleasure of serving with many of you for 20 years. Today, as Mayor of the City of Yonkers, I am asking for a renewed partnership and an increase in AIM to allow my city to keep its residents safe, seniors secure and to provide our young people with the opportunity to choose a better path in life.

Over the last four years, the Governor and Legislature have successfully limited the growth in state spending, and Governor Cuomo has once again proposed a budget that limits spending to 2 percent. To be consistent with the 2 percent spending pattern over the last few years, I am asking for a \$10.8 million increase in AIM – this year's \$108 million proposed allocation plus 2 percent, and an additional 2 percent for each of the last four years that AIM has been cut or kept flat.

The State of Yonkers Public Schools

Last year, as you are well aware, the Governor and the Legislature came to the City's aid when it was discovered that the Yonkers Board of Education budgeted for \$55 million in state spin-up aid that in fact had not been allocated by the Legislature. It was a revenue stream the district grew to rely on, but no longer existed.

In the aftermath of the school district error and as part of the solution, the City consolidated non-academic services with the Board of Education. We were the first city and school district outside of New York City to consolidate, and it's been a great success. Additionally, because of your support, specifically \$28 million in funding, we were able to close the school district's gap, and we are profoundly thankful. But unless the State continues that funding level, we will not be able to manage the school district's gap going forward.

The Executive Budget proposes a 1.7 percent increase state-wide in school aid. In Yonkers, 1.7 percent equates to about \$4 million, not nearly enough to meet our needs. Earlier this month, our Superintendent testified that the school district needs an additional \$46 million in funding – \$28 million to cover last year’s one-shot plus an additional \$18 million just to maintain the status quo of services and give our students nothing more.

But the status quo is not good enough for our kids. It’s time to finally tackle the issue of poverty in our district and provide Yonkers with the resources necessary to give our students an educational opportunity equal to that of the neighboring districts in Westchester County.

Tackling Poverty in the City School Districts

Let’s talk about what poverty means for our students.

Our public school students don’t grow up in a world of tutors, private sports leagues, cultural activities, and all the other things that middle class parents take for granted in order to help their children get ahead. When parents are working two jobs or more just to make ends meet, the test of success is making the rent for another month and putting food on the table.

This is the bottom line. If you are a poverty level student, you are less likely to receive a sufficient education. That means that you’re more likely to end up in the criminal justice system. And if you’re caught up in the criminal justice system, you’re less likely to find a good-paying job, be able to support your family and climb out of poverty. That’s the cycle of poverty, and the cycle continues.

Sixty-three percent of the state’s one million poverty-stricken children live in the Big 5 cities, and a majority of them live in neighborhoods with concentrated poverty, where at least 30 percent of residents live below the poverty level. You’ll find these neighborhoods in Yonkers, where in some areas the median household income is \$16,000 and 70 percent of households earn less than \$30,000.

The funding gap between the poor city districts and the suburban districts is astounding. Total per pupil spending in Yonkers is \$22,000. But if you head up Central Avenue into Scarsdale, you will find per pupil spending is \$30,000. And it’s that way for our neighbors in Bronxville, Eastchester and Ardsley – some of the wealthiest communities in the entire country. Some might say that New York is a state with two school systems – one for the poor and one for everyone else.

Yet the differences in student populations between the cities and suburbs are staggering. Twenty-six percent of school-aged children in Yonkers live below the poverty level. Sixty-six percent of our students are on free or reduced lunch. Eighteen percent of all households in Yonkers receive food stamps. We have an extraordinarily high percent of English language learners – the largest outside New York City. For many of these students, it’s not just that they

need English instruction; they are coming to Yonkers with **no prior formal education**. So they have a double obstacle to overcome. These are students whose parents have come to Yonkers in search of the American Dream, but what kind of reality are we providing them?

We have a wonderful organization in Yonkers called Yonkers Partners in Education. Recently YPIE, as they are called, issued a study establishing once and for all the connection between poverty and lack of college preparedness. YPIE's study, which was the subject of an editorial in the Journal News, demonstrated beyond a doubt that poverty is the single biggest predictor of academic failure. It suggested that the state needs to identify local districts that outperform their poverty levels and learn from them.

But no school district, not even with the best and brightest teachers and administrators, can make headway without the proper tools. Here's a list of some of the challenges facing our school district.

Our aging infrastructure can't keep pace with enrollment growth – Yonkers has the oldest school buildings in the state, and growing enrollment is overcrowding our classrooms. It's time to build new schools. I'll talk more about that in a minute.

Yonkers schools lack extracurricular enrichment such as art, music and sports – We have one art teacher for every 645 students and one music teacher for every 735 students.

Library services have been devastated – There are eight librarians in a school district of more than 26,000 students.

We need to right-size our classrooms – Too many of our classrooms routinely number 30 students and over.

There are very few guidance counselors – Our guidance counselor-to-student ratio is 1-to-826.

Our students need more special education classrooms and teachers – In Yonkers, the cost of educating special needs students increased by 11% last year and another 12% this year, but the reimbursement rates aren't keeping up. As a result, our school district spends upwards of \$60,000 per pupil to send 424 students to special education classes out of the district. We need the resources to bring these students home.

The Yonkers school district is doing remarkably well considering the lack of resources we receive. Our high school graduation rate is 76 percent, the best of the Big Five cities. But it pales in comparison to the 95 percent for students in Eastchester, 99 percent for Scarsdale and 100 percent for Bronxville public schools. It's time to level the playing field.

Building for Success

Let's talk about our school buildings – quite possibly the single biggest school infrastructure crisis in the state.

In Yonkers, nearly one-third of our schools were built before 1920; half before 1940. Our schools are so outdated that we have identified **\$2 billion in facility needs, including \$500 million just to bring our school buildings up to basic State standards.**

We know that school buildings impact learning. Air quality, temperature, natural light and noise levels all affect student performance. It should be no surprise that overcrowded classrooms – a big problem in Yonkers – limit achievement. There's data to back it up, too. A California study found that elementary students who moved from an overcrowded school to a new school in Los Angeles experienced educational gains equal to attending 65 additional days of school.

In Yonkers, our students are not only being taught in overcrowded classrooms, but in overcrowded basements, converted auditoriums, cafeterias and mobile trailers, yet we don't have the ability to build new schools. Why? Because the City of Yonkers is fast approaching its constitutional tax limit, not to be confused with the tax cap. We are currently just 13 percent below our limit. Even if we wanted to build just *one* new school – and we need many more – we couldn't afford the debt service on the construction. That's just not fair.

At the same time, New York State has financed school reconstruction programs in Buffalo, Rochester and Syracuse to the tune of up to ninety-four cents on the dollar, even as those school districts shrink while Yonkers grows rapidly. With the oldest school buildings in New York and nearly 27,000 students, it's time for the State to recognize the reality of Yonkers' critical infrastructure needs and make the investment necessary to help rebuild our schools.

So, beginning this year and working with our State Delegation, I will ask the Legislature to pass a ten-year, multi-phase school reconstruction act for the City of Yonkers, just as you did for Buffalo, Rochester and Syracuse. With new and renovated school buildings, there's no limit to our students' success.

When Cities are Strong, New York Thrives

I know a lot of this sounds familiar. But our challenges are not insurmountable, and I firmly believe that every challenge presents an opportunity to strengthen our city. In Yonkers, we've shown that with the State's support, we can overcome any obstacle that comes our way.

We turned last year's near-crisis in our school district into an opportunity to run a more efficient government, increase taxpayer oversight and steer more resources from the bureaucracy to the classroom. Yonkers became the first city and school district outside of New York City to consolidate back-office functions like Human Resources, Finance, Legal and IT. And it's a model that could work for cities and school districts all across New York State.

We know we can do anything in Yonkers. With New York State's support, we turned what was once a parking lot into a nationally-recognized riverfront park. Right now, as I speak, construction crews are working to build the second and third phases of the award-winning daylighted Saw Mill River.

In the very same building that Elisha Otis built elevators 162 years ago, Kawasaki builds rail cars for the region's mass transit system and Mindspark builds apps for the world's smart phone users. We're transforming the mills that once housed the world's largest carpet factory into an arts district. And our once-empty downtown is welcoming new residents and jobs as Yonkers has become the second-fastest growing big city in New York.

We've made great strides in improving the financial management of the City, and the ratings agencies are taking notice. Our bond ratings are the highest they been in a generation, and last year, for the first time in recent memory, the City sold its bonds in a competitive market.

I know that Yonkers' best days are ahead. I know that working together, with our great Governor, Andrew Cuomo, the State of New York and our partners in the State Legislature, we can and we will succeed.

Thank you.