



THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, NY 10007

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

I want to thank the chairs of the committees that are holding today's hearing:

Senator **Catharine Young**, Chair of the Senate Finance Committee; Assemblyman **Denny Farrell**, Chair of the Ways and Means Committee; and the ranking minority members, Senator **Liz Krueger** and Assemblyman **Bob Oaks**.

I also want to thank our legislative leaders, Assembly Speaker **Carl Heastie**; Senate Majority Leader **John Flanagan**; Senate Democratic Conference Leader **Andrea Stewart-Cousins**; Senate Independent Democratic Conference Leader **Jeff Klein**; Assembly Minority Leader **Brian Kolb**; and members of the State Legislature with us here today.

I'm joined by two key members of my team: **Dean Fuleihan**, Director of the New York City Office of Management and Budget; and **Sherif Soliman**, the City's Director of State Legislative Affairs.

I want to thank you all for your hard work and support. Together, we've accomplished a great deal for the people of New York City – on education, on housing, and on many other issues of vital importance.

We come to Albany hoping to build on these accomplishments in partnership with you.

After two years, we're proud to say that New York City is seeing the results of our disciplined fiscal stewardship, our strategic vision, and all we've done to support the success and hard work of New Yorkers.

It's our task this year to deepen those efforts, extending the work we've done in a progressive, fiscally responsible, and honest manner.

Yet despite our continued discipline, New York City faces some major challenges that didn't exist the last time I was here, including challenges in our pension systems, our public hospitals and in the proposed State budget.

We're also watching with concern – as I am sure you are too – a global and national economic landscape that looks increasingly uncertain, and that could significantly weaken our City and State economies.

Unfortunately, it's an economic landscape that continues to show chasms between those with wealth and those working just to get by.

I'd like to call your attention to the Oxfam report released last week, which found that 1% of people in the world own as much as the other 99%.

The report also finds that the richest 62 people worldwide have as much wealth as the poorest half of the world's population – 3.5 billion people.

We feel inequality deeply in New York City, where for every multimillion-dollar condo that hits the market, hundreds of hardworking families struggle to afford their rent.

We cannot be the city we are meant to be unless we confront this challenge.

Our work in Fiscal Year 2017 will build on the investments we've made in the past two years focused on our goal of creating One City, Rising Together.

These investments include ...

Nearly 2,000 new cops on the beat, bringing us to the highest patrol strength since 2001;

Funding our plan for 200,000 affordable homes—enough to house half a million people;

Developing a pioneering, comprehensive plan to address the mental health needs of New Yorkers;

Implementing our Equity and Excellence agenda to lift up all our schools;

And launching an aggressive new effort to tackle homelessness.

But as we make these key investments, we never lose sight of the vital importance of fiscal responsibility. It's part of everything we do.

New Yorkers have seen just how quickly and painfully the economy can turn, wiping out government budgets, forcing cuts to vital services and necessitating tax hikes.

That's why when we took office, my Administration immediately began the work of prudent budgeting—so that we can be prepared for potential economic downturns.

We are:

1. Building reserves, just as the State does.
2. Removing uncertainty by securing agreements with 95% of our workforce.

And I just want to take a moment to recognize the City workers whose dedication and professionalism kept all five boroughs moving over the past few days in the face of the second largest storm in our recorded history. I also want to commend the State for their efforts and productive cooperation throughout the storm.

3. And, we are also making targeted investments in public safety; affordable housing; education; mental health and combatting homelessness.

I want to turn now to the proposed State budget unveiled last week. The budget presented us with some positive news, which I will discuss first, as well as some real uncertainties, which I'll also outline.

I'd like to begin by discussing two policies in the State budget that make a world of difference to families struggling to get by – Paid Family Leave and a \$15 minimum wage.

We strongly agree with many here today that no New Yorker should have to choose between their family and their paycheck.

In New York City we have taken every action we can to relieve our hardworking families of having to make these difficult choices. We've extended Paid Sick Leave to half a million more New Yorkers, and Paid Parental Leave to more than 20,000 City employees.

I'm heartened to see Paid Family Leave in the State budget, because it means healthier and more financially stable households, more effective workplaces, and a stronger and more just city.

I particularly want to acknowledge the champions and prime sponsors of Paid Family Leave in the Legislature: Assembly Member **Catharine Nolan**, Senators **Jeffrey Klein** and **Joseph Addabbo**, and the many co-sponsors of their bills.

Now, nothing does more to lift up working families and move our economy forward than raising wages. I have been a proud participant in the Fight for \$15 for many years.

New York City alone will invest \$115 million to extend a \$15 minimum wage to 50,000 City employees and human services workers contracted by the City.

We look forward to the passage and signing of a State law that will change the lives of an estimated 1 million workers in the city by guaranteeing \$15 an hour to every New Yorker.

Another positive aspect of the budget is the commitment to build 20,000 units of supportive housing, an effort that will complement the City's announcement in November of our intention to secure 15,000 units over 15 years.

Supportive housing is a proven method of bringing safety, stability and a renewed sense of hope to some of our most vulnerable neighbors.

These are people dealing with seemingly intractable problems. They need much more than a roof over their heads. They need specific services like substance abuse programs to help address underlying problems, and ultimately to build healthier and happier lives.

I want to thank Assemblyman **Andrew Hevesi** and Senator **Martin Golden** for galvanizing support for this critical work in their respective houses.

Let me also quickly mention two additional positives in the budget that would make New York a fairer and more just state.

First, we are gratified to see continued support for the DREAM Act. Passage of the DREAM Act is a simple statement of morality and compassion.

I must acknowledge the bill's prime sponsors, who are leading this charge for fairness: Assemblyman **Francisco Moya** and Senator **José Peralta**.

Second, we will take another meaningful step toward justice in our City and our State if we "Raise the Age." We supported Raise the Age last year and we support it again this year.

In New York City, we've reduced unnecessary arrests and incarcerations; ended punitive solitary confinement for 16- and 17-year-olds; and applied resources to help young people out of the criminal justice system and onto the right path in life.

New York should not be one of just two states in this country that prosecute 16- and 17-year-old kids as adults.

I'd like to commend **Speaker Heastie** for his leadership on this issue as well as members of the Assembly Democratic Conference.

So I want to recognize the elements of the State budget that show aggressive action to lift up our families and create a more equitable city.

However, the budget also includes some troubling aspects.

The State initially proposed budget cuts that would have cost the City of New York nearly \$1 billion in Fiscal Year 2017, with the costs growing in each succeeding year.

These proposed cuts included \$485 million tied to CUNY in Fiscal Year 2017 ... And having the City take on \$209 million in State Medicaid payments in 2017, a figure which alone would grow close to \$1 billion per year in FY21.

Later, the Governor clarified that the CUNY and Medicaid proposals would be achieved through reforms and efficiencies – and ultimately would not cost the City a penny.

I appreciate the Governor's pledge and I will hold him to it.

Our goal is to work energetically with both the Governor and the Legislature to make certain that these cuts do not appear in the final budget in April.

The Governor has also proposed to take the City's sales tax revenue for three years in order to offset refinancing savings on debt the State agreed to assume.

There is no justification for this action, which would do a real disservice to city taxpayers, costing them \$600 million over three years, starting in the current fiscal year.

I want to note that these cuts are particularly onerous because New York City is the only municipality in New York State that doesn't receive direct municipal aid. Our entire allocation of \$302 million a year was cut beginning in 2010.

Now, I would like to outline some of the ways the proposed State budget affects New Yorkers' lives across four important areas: housing, homelessness, education, and transportation.

I will begin with housing, which is still the number one issue I hear about from New Yorkers across the five boroughs.

New Yorkers from all walks of life are tremendously concerned about the cost of housing – about whether they are going to be able to afford to live in the city.

Their concerns are justified, because the city is confronting a crisis of affordable housing.

To contend with this crisis, we have created and launched the most ambitious municipal affordable housing plan in the nation's history: building or preserving 200,000 affordable apartments over 10 years.

We commend the inclusion of an affordable housing plan in the State budget and we'll be working to make sure the City receives a fair and proportionate share of the funding.

When the Governor releases the details of his housing plan, they should include a continued commitment of federal tax credits and tax-exempt private activity bonds at levels that are at least commensurate with those that have historically been received by the City.

We also have serious concerns about two important procedural changes the Governor has proposed to the rules for the allocation of tax exempt private activity bonds.

This bond cap allocation is a vital resource for the City. Over the last two years, the City has financed more than 16,700 affordable apartments across all five boroughs using our bond cap allocations.

These projects have ranged from a 60-unit building in Upper Manhattan serving formerly homeless families and youths aging out of foster care, to a 256-unit mixed-income development in the Tremont neighborhood of the Bronx.

The State's proposal would add two layers of bureaucracy to the process of receiving and using these allocations. Two more layers of bureaucracy would be very costly to the people of New York City.

The first layer is a required approval by the Empire State Development Corporation for New York City to use the bond cap for housing.

The second layer is a different required approval by the Public Authorities Control Board for each individual project that the city seeks to build with these dollars.

Last year, the City's Housing Development Corporation efficiently used all of its State bond cap allocation to fund its projects.

And HDC couldn't even get started on almost 1,200 affordable apartments across the five boroughs simply because it did not receive enough in bond cap allocations from the State.

Imagine the situation if these additional regulatory obstacles were to go into effect.

They would produce uncertainty in financing and unnecessarily add difficulty and delay to the process of building the affordable housing struggling New Yorkers need.

Another essential component of affordable housing in the five boroughs is the New York City Housing Authority, or NYCHA, which is home to 400,000 New Yorkers.

Today, we need NYCHA more than ever. But the Authority has suffered decades of neglect and disinvestment, resulting in a dangerous financial situation and an unacceptable quality of life for too many of its residents.

Last year, we unveiled NextGeneration NYCHA, our plan to get NYCHA back on solid fiscal ground and reinvent itself for the 21st century.

As part of that process, we are honoring our commitment to add \$100 million in capital funding each year for three years.

We ask the State to fully come through on its commitment of \$100 million in capital funding for the current fiscal year and another \$100 million in capital funding for each of the next two fiscal years.

That's how to do right by NYCHA's hundreds of thousands of residents.

Now, I want to turn to homelessness, which is a deep and persistent challenge that the City has been struggling with for decades. Today, we are using every tool, committing every resource and summoning every ally to confront that challenge.

To maximize our efforts, the City of New York needs a serious, consistent, lasting partnership with our State government, and added funds for prevention and rental assistance programs.

Our work begins with prevention – by keeping families off the street in the first place. To that end, we ask that the State modify the criteria it uses to determine the Family Eviction Prevention Supplement, or FEPS.

FEPS can be a life-changer for families who are facing the immediate threat of being thrown out of their homes. But today the levels of financial support under FEPS are simply too low to be as effective as they could be.

We urge you to raise the State level of assistance to what the U.S. Department of Housing and Urban Development has determined is appropriate for the New York City rental market.

That would increase rental assistance by 50%, giving the typical family approximately \$1,500 a month. That's fundamental in a city where an average one bedroom apartment rents for \$3,100.

In addition, we must make FEPS available to victims of domestic violence, who often are effectively evicted from their homes when they flee to safety.

If we raised the FEPS levels as I described and made it available to victims of domestic violence, it would cost \$63.5 million this year – of which \$19.7 million is City funding and \$35.6 million is federal funding.

We urge the State to contribute its portion of this funding, estimated to be \$8.3 million. I would also ask you to revisit the underlying shelter allowance, which FEPS is added on top of and which hasn't been increased since 2003.

Another aspect of the city's homelessness challenge has to do with people struggling with health issues like AIDS.

As part of the City's plan to End the Epidemic of AIDS, we have committed to extending HIV/AIDS Services Administration benefits or HASA to people who have the HIV virus, but are not showing symptoms.

We've budgeted \$41 million for the City's share when fully phased in to extend HASA. We believe that New Yorkers living with HIV or AIDS should not have to choose between medicine and rent, or medicine and food.

We understand the State has made a multi-year commitment to ending the AIDS epidemic, and we look forward to seeing the details of their plan.

At this point, I want to turn to a series of education issues.

We all remember what the situation was in New York City before mayoral control: the school system was fragmented and inefficient.

The City did not have the authority it needed to ensure that schools were functioning properly and to bring about needed reforms.

The legislature recognized the benefits of extended periods of mayoral control, both in 2002 and again in 2009. And over time, we've all seen that mayoral control works.

Look at our Administration's implementation of Universal Pre-K. Within a matter of months, we marshaled multiple agencies and the necessary funds to launch hundreds of programs across the five boroughs.

Today, more than 68,000 of our four-year olds are enrolled and on the path to lifelong learning thanks to UPK.

And we must thank the members of the Legislature and the Governor for continued support of UPK.

I'd also draw your attention to the fact that for the first time ever, our high school graduation rate is over 70%, while dropout rates have hit an all-time low.

Successes like these are why there's bipartisan consensus on mayoral control and why educators, business and civic leaders alike want it renewed.

It would build predictability into the system, which is important for bringing about the deep, long-range change that is needed.

As you know, I believe that mayoral control should be made permanent. Short of that, it should be renewed for 7 years, the same amount of time as its original authorization.

And to return for just a moment to UPK: its success should also be evidence enough that we don't need to change how we administer it by creating a pre-K grant board that would supplant the State Education Department.

Now, Our schools need additional aid and we are in favor of funding all schools fairly, which is why we must get to a proposal that actually supports all our schools in an equitable way.

It is imperative that the State add more money for foundation aid, so the State can close its \$2 billion shortfall for New York City pursuant to the Campaign for Fiscal Equity.

We're pleased there's support for Community Schools in the budget. The students of New York City's 130 Community Schools deserve a proportionate, fair share of those State funds.

The Community Schools in New York City include our 94 Renewal Schools – the city's lowest-performing schools, which have historically suffered from both lack of attention and resources.

We're investing \$187 million a year in their turnaround. We've moved ineffective teachers and principals out over the past year and moved talented, hardworking educators in.

We hold a basic belief that every single child in this State is equally important, and we do not support initiatives that take from one group of children to give to another.

So we are concerned about the Governor's proposal to raise the per-pupil tuition rate for charter schools, which would cost New York City and only New York City \$30.3 million in FY17 alone.

No other municipality in the state is being asked to shoulder this cost.

If the State wants to provide additional aid for charter school tuition, we would welcome it. But the State should not take away from other urgent needs to fund it.

Finally, I'd like to talk about critical infrastructure and transportation.

Breaking with decades of tradition, NYC made a contribution of \$2.5 billion in capital last year to allow the MTA to invest in a more reliable, effective and safe mass transportation system.

We request the approval of a fully funded capital plan by the Capital Program Review Board, and to the adoption of the State budget to solidify financial support for MTA capital investments.

This will help grow the economy of our region and our state as a whole.

We are also pleased to see that the State budget has committed \$22 billion to roads and bridges. Take just two examples of why these funds are so necessary:

The Brooklyn Queens Expressway Triple Cantilever Bridge and the Belt Parkway Bridge are facing shortfalls of \$646 million and \$297 million respectively. That's almost \$1 billion in total. Together these shortfalls represent 38% of the two projects' cost, the historical State share that has gone unfunded in recent years.

Before I conclude, I want to raise two new fiscal challenges New York City is confronting this year.

As part of a regular review process, the City Actuary is adjusting life expectancy assumptions and this will increase the City's pension costs by \$600 million annually.

Although this is a necessary adjustment, it is a new obligation that has serious ramifications.

In addition, our public hospital system is facing new challenges.

NYC Health and Hospitals is the largest municipal hospital system in the nation. In 2014, its 11 hospitals, 70+ community-based clinics, and other facilities were visited nearly 5 million times. Almost 1 in 6 New Yorkers were treated.

But today, the patients who go to Health and Hospitals are mostly covered by Medicaid or are entirely uninsured.

The federal government is cutting reimbursements for the care of these uninsured patients and Medicaid doesn't cover the costs of care, leaving Health and Hospitals to pick up millions of dollars in costs.

This is forcing Health and Hospitals to transform how they do business, because this current operating model is not fiscally sustainable.

We are working to reform the system and, as a first step, I have provided \$337 million in relief for this year. Within the next three weeks, the City will be coming to you to identify areas where the State can provide assistance.

To conclude: the Governor rightly said in his State of the State speech. "We are upstate and we are downstate, but we are one State." I couldn't agree more. We are ALL New York and we are all New Yorkers.

It is my privilege and honor to represent 43% of the citizens of this beautiful state, 8.5 million dedicated, hardworking, diverse and innovative people.

The overwhelming majority of them are doing everything right. They are raising their families, paying their fair share in taxes and getting up each day to work hard.

The choices you will make in this legislative session will have a great effect on their lives.

Thank you for inviting me to speak with you today. And I look forward – my entire Administration looks forward – to working with you in the days ahead to develop a budget that meets the needs of every New Yorker, wherever they may live.

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