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

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CONTACT: pressoffice@cityhall.nyc.gov, (212) 788-2958
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**TESTIMONY OF MAYOR BILL DE BLASIO
2014-15 STATE EXECUTIVE BUDGET
BEFORE THE STATE ASSEMBLY WAYS & MEANS COMMITTEE
AND SENATE FINANCE COMMITTEE
JANUARY 27, 2014**

Excerpts and Full Testimony, as Prepared for Delivery

Testimony Excerpts:

We are in the midst of an inequality crisis. It is my job to rectify the shortcomings and inequalities that preclude our city from reaching its true potential. And our budget for the city will address this affordability crisis. We are striving for "One New York," where we all rise together, and we're going to let hard-working New Yorkers know that City Hall "has their backs." It's with that same goal in mind that I begin today by outlining our plan for instituting universal full-day pre-kindergarten in our city, and for creating high-quality after-school opportunities for all middle school students across the five boroughs. It's within our means to do both – and do them now.

[W]e're prepared to provide free, high-quality, all-day pre-K to close to 54,000 4-year-olds this September. And by January 2016, we'll be able to increase that to the full universe of more than 73,000 children, participating in a high-quality, all-day pre-K program.

New York City Council members strongly support this proposal, and I'm confident it will send you a Home Rule message expressing that support. A broad range of the city's business, labor, civic and educational leaders is behind it, too. It's an idea that every public opinion poll – and also the results of last November's elections – show has overwhelming backing from the people of New York City. It's one where the city's right

to self-determination – to setting and carrying out our own priorities – ought to be honored in Albany. It’s also one that’s so vital that it must be inviolable. Universal pre-K and after-school programs must have a dedicated funding stream, a locked box, shielded from what we all know is the inevitable give and take of the budgeting process.

[L]et’s be clear about two principles key to making true universal pre-K a reality. First, funding for universal, full-day pre-K must be dedicated and sufficient to meet the immediate needs of our children, and the clearly-expressed mandate given by the residents of New York City. And second, the funding must be predictable and consistent.

Since 2009, the state has not met the court-ordered obligation to our city – and to school districts elsewhere in the state – under the Campaign for Fiscal Equity lawsuit: An obligation the Court of Appeals rightly defined as providing a “sound basic education” to all children in our state. The decision in that case was a matter of simple justice. It ordered the end of an historic wrong created by the manifestly unfair distribution of state education aid to local school districts. In the next school year alone, New York City public school students will be shortchanged some \$2.7 billion in state education funds. I’m confident you’ll agree that with the resources available, it is time to make a significant down-payment on this obligation this year – fulfilling a commitment and making equity in education a priority.

So together, let’s use the budget process we’re engaged in to address the top priority we’ve outlined today: The crisis of inequality in our city and our state. And universal pre-K and quality after-school programs do just that. We can level the field for our kids – every child in every borough of our city – by asking those who make more than half a million dollars a year to pay a little more in taxes.

First, there are some who say that Albany shouldn’t approve our plan because the state government simply cannot raise any taxes right now. But that is not the debate. We’re not asking Albany to raise the state income tax by a single penny to pay for universal pre-K and after-school programs in New York City. We’re simply asking Albany to allow New York City to tax itself – its wealthiest residents – those making a half-million or more a year.

[T]here are some who whisper that our drive to tax the rich to fund pre-K and after-school is just political posturing – an effort to heap scorn on the wealthy to win an

election. But the election in New York City is over, and we are here to work with our leaders in Albany to govern. This is about our commitment to “One New York,” where we all rise together. We don’t want to punish the wealthy for their success – we want to create more success stories. This is about the children of New York, and just how strong of a commitment we are willing to make to their futures.

Full Testimony, as Prepared for Delivery:

Good morning.

I want to thank the chairmen of the committees holding this hearing, Assemblyman Denny Farrell and Senator John DeFrancisco;

Also thank the ranking minority members of the committees, Assemblyman Robert Oaks and Senator Liz Krueger;

And, finally, thank all the members of both the Assembly Ways and Means Committee and the Senate Finance Committee for this opportunity to testify today.

Seated with me this morning are two people many of you already know: Dean Fuleihan, New York City’s new director of Management and Budget; and Sherif Soliman, the city’s new director of state legislative affairs.

My entire administration and I look forward to a very constructive partnership with you and your colleagues during this legislative session.

Over the years, we’ve seen, and appreciated, the leadership that the legislature has shown, time after time.

You have our admiration and gratitude for the work you’ve done in recent years to help right the finances of the state.

The surplus now projected is a welcome far cry from the massive deficits the state faced just a few years ago – and that’s a tribute to your effective cooperation with the governor as fiscal stewards.

We also commend the legislature for its work to reform the state juvenile justice system... to provide Medicaid and other mandate relief to our city and to local governments across the state... and on other key issues.

This year, we face new challenges – and I’m confident that working together, we’ll meet them.

I’ll begin that process with some preliminary thoughts today about the recently presented Executive Budget.

Over the next week, we'll flesh out our administration's views and our agenda in greater detail.

Let me point out that in New York City, my administration is poised to begin our own budget process.

On February 12, we'll offer our preliminary budget for the city fiscal year that begins July 1.

We're approaching that task in an environment of unprecedented fiscal uncertainty for the city.

In large part that's because, for the first time in modern memory, collective bargaining agreements with more than 300,000 employees – virtually our entire municipal workforce – were allowed to expire by the previous administration.

In some cases, they've gone un-negotiated for as many as six years, which has produced an extraordinary and difficult city relationship with our own employees, and left unresolved issues like rising health care costs.

And that makes the always-difficult task of balancing our budget far more complex.

Big question marks also hang over our relationship with our federal partners.

We are gratified by the efforts of the president, our Congressional delegation, FEMA, and HUD in the response to Hurricane Sandy.

But it remains unclear whether the federal funds we receive from here on out for rebuilding and for preparing our city for future extreme weather events, will be enough to address the work that still remains.

And compounding those questions is the great social and economic challenge of our era – the growing crisis of affordability in our city.

Because here are the stark realities.

Today close to half the residents of New York City live below, or near, the poverty line.

Our city's middle class is pummeled by rising costs and pinched by shrinking real incomes.

And the social and economic gulf between those with great wealth – and the far larger number of people who lack the means to realize their dreams and make better lives for their children – continues to deepen.

We are in the midst of an inequality crisis. It is my job to rectify the shortcomings and

inequalities that preclude our city from reaching its true potential. And our budget for the city will address this affordability crisis.

We are striving for “One New York,” where we all rise together, and we’re going to let hard-working New Yorkers know that City Hall “has their backs.”

It’s with that same goal in mind that I begin today by outlining our plan for instituting universal full-day pre-kindergarten in our city, and for creating high-quality after-school opportunities for all middle school students across the five boroughs.

It’s within our means to do both – and do them now.

And by doing so, we’ll begin a major investment in our city’s future, and start to close the yawning social and economic chasms in our city.

It is our obligation to enact these programs now, because in the case of both universal pre-K and after-school programs, the research evidence of their impact on greatly reducing social and economic equality is overwhelming.

The verdict is in.

Nobel Prize-winning economists... President Obama...the outgoing chair of the Federal Reserve system, Ben Bernanke...

And studies in dozens of states, all agree that high-quality pre-K instruction produces substantial lifetime returns in:

- Higher incomes;
- Higher rates of homeownership;
- Higher rates of savings; and
- Fewer run-ins with the law.

Yet the reality is that today, fewer than 27 percent of 4-year-olds in New York City have access to full-day pre-K.

We must, and can, do better than that – and do it now.

The same is true of middle school after-school programs.

Programs that have been shown to reduce juvenile crime by up to half in the most high-risk communities.

There’s no question about the value of programs that keep kids on task and off the streets during the most crucial period of their days.

The hours between when the last school bell rings and their parents return from work.

Nor is there any doubt about the value of programs – like those I recently saw at the School of Young Leaders in the Bronx – that open young minds and enrich young lives through opportunities for cultural and artistic expression.

Yet in recent years, 30,000 seats were cut from after-school programs in the city.

And today, by some estimates, nearly 1-in-4 of the schoolchildren in our city goes unsupervised after school.

We can do better than that – and do it now.

And we can accomplish it by simply asking a little more of the very wealthiest people in our city.

We're seeking the right to levy a small income tax surcharge on New York City's wealthiest residents over the next five years:

An increase from the current 3.9 percent rate to a 4.4 percent rate on those with annual incomes of a half-million dollars or more.

This one dedicated measure would fully fund universal pre-K in our city, and let us expand middle school extended learning programs, too.

In the first year, the dedicated funds raised by the personal income tax increase on the city's highest earners will be used to increase the number of seats available for pre-K, upgrade existing seats, and support the expansion of necessary infrastructure, including initiatives as curriculum development and improved initiatives for training and ongoing support.

In the following year, virtually all of the funding will be dedicated solely to programming. And in subsequent years, the dedicated funds generated from this tax will be used to continue to build needed capacity, support ongoing operations, and ensure that programs offer high-quality instruction and family engagement.

Our city – in partnership with schools, community-based providers, and families – is well-positioned to take this on, and at a rapid pace.

And we're ready to begin right away.

I am extremely fortunate to have a dedicated and knowledgeable group of experts – whose combined expertise in early education is nothing short of extraordinary – guiding one of the largest pre-K expansions in our nation's history.

They have volunteered many hours as part of our transition, and several of them have joined me here today:

Jennifer Jones Austin, the Co-Chair of my Transition Team and Chief Executive Officer and Executive Director of the Federation of Protestant Welfare Agencies; Elba Montalvo, the Founder, President and CEO of the Committee for Hispanic Children and Families; Josh Wallack, who leads the Children's Aid Society's Early Childhood Programs from birth to age 5 across New York City; Sherry M. Cleary, the Executive Director of the New York City Early Childhood Professional Development Institute at the City University of New York; Gail Nayowith, the Executive Director of the SCO Family of Services, providing early childhood care and education to more than 60,000 New Yorkers; and Nancy Kolben, the Executive Director of the Center for Children's Initiatives.

They have been joined by our Deputy Mayor for Health and Human Services Lilliam Barrios-Paoli, our Schools Chancellor Carmen Fariña and the staff at the Department of Education, our Commissioner of the Administration of Children Services, Gladys Carrion and her staff, and the staff at the Office of Management and Budget.

Their thorough analysis shows that we're prepared to provide free, high-quality, all-day pre-K to close to 54,000 4-year-olds this September.

And by January 2016, we'll be able to increase that to the full universe of more than 73,000 children, participating in a high-quality all-day pre-K program.

And we're confident that we'll have the space to accommodate those children across public school and community-based organization settings.

The Department of Education has identified 4,000 classrooms potentially available within public school buildings, with additional space available in community-based organizations that currently serve the majority of children in pre-K.

We've also begun to develop a teacher pipeline to recruit, train, and provide support for teachers and assistants to staff these classrooms.

Given the diversity of our city and that 19 percent of current kindergartners are English Language Learners, the model will also put additional support in place so that teachers, administrators, and coaches are prepared to meet their needs.

And for programs already offering full-day pre-K, we will bring them up to the same quality standards as the new programs established through expansion.

The Working Group has agreed to continue with us to make implementation a reality this September. I am committed to this implementation, and our First Deputy Mayor Tony Shorris will supervise this effort with our Deputy Mayor for Health and Human Services, Lilliam Barrios-Paoli, Chancellor Fariña, Commissioner Carrion and dedicated management and staffs in each agency will bring these plans to fruition.

New York City Council members strongly support this proposal, and I'm confident it will

send you a Home Rule message expressing that support.

A broad range of the city's business, labor, civic and educational leaders is behind it, too.

It's an idea that every public opinion poll – and also the results of last November's elections – show has overwhelming backing from the people of New York City.

It's one where the city's right to self-determination – to setting and carrying out our own priorities – ought to be honored in Albany.

It's also one that's so vital that it must be inviolable.

Universal pre-K and after-school programs must have a dedicated funding stream, a locked box, shielded from what we all know is the inevitable give and take of the budgeting process.

And let me remind you that the legislature has taken this kind of action before, and not so very long ago.

In the early 1990s, you gave New York City authority to levy a temporary, dedicated income tax surcharge that funded the Dinkins administration's "Safe Streets/Safe City" program.

Doing that allowed us to hire thousands of new police officers. It began the historic, ongoing reduction of crime in our city.

It's part of why today, New York is the safest big city in the nation.

Now you can help us make history again:

By putting New York City in the lead nationwide in making universal pre-K a reality, and in giving all our middle-school students the after-school programs they need.

This year, Governor Cuomo has also proposed making universal pre-K available statewide.

That's an idea we strongly endorse and we appreciate his leadership on this issue.

And we back to the hilt the \$2 billion "smart schools" bond issue that he seeks to put on the ballot to improve and equalize technology in schools.

We look forward to working with the governor, and all of you, to win its approval by the voters, and secure funding for necessary pre-K classroom construction and equipment purchases.

But let's be clear about two principles key to making true universal pre-K a reality.

First, funding for universal, full-day pre-K must be dedicated and sufficient to meet the immediate needs of our children, and the clearly-expressed mandate given by the residents of New York City.

And second, the funding must be predictable and consistent.

Finally, before leaving the subject of education, let me make one last point –

One that also speaks to the goal of ending social and economic inequality in our city and state –

Since 2009, the state has not met the court-ordered obligation to our city – and to school districts elsewhere in the state – under the Campaign for Fiscal Equity lawsuit:

An obligation the Court of Appeals rightly defined as providing a “sound basic education” to all children in our state.

The decision in that case was a matter of simple justice. It ordered the end of an historic wrong created by the manifestly unfair distribution of state education aid to local school districts.

In the next school year alone, New York City public school students will be shortchanged some \$2.7 billion in state education funds.

I’m confident you’ll agree that with the resources available, it is time to make a significant down-payment on this obligation this year – fulfilling a commitment and making equity in education a priority.

Now let me quickly review some of the other elements of the Executive Budget.

We support many of its ambitious programmatic initiatives.

I strongly urge you, for example, to adopt the governor’s proposal to raise the threshold age for adult criminal prosecution in our state from 16 to 18.

This would right a shameful wrong, and at long last bring us in line with the sound and decent standard followed in 48 of the other 50 states.

We also commend the Governor for the bold capital investments he has put forward. Many would address top priorities in our city.

His call for building four new MetroNorth stations in the Bronx is music to the ears of the people of that borough – and will be a welcome enhancement of our regional mass transit system.

I also strongly support the investments in the Executive Budget for strengthening the state's coastal infrastructure and revamping MTA stations and facilities.

They're smart responses to the new realities of climate change that Sandy brought home to us all.

The governor rightly deserves all the national recognition he's earned for his leadership in rebuilding after Sandy, and for preparing New York State for future emergencies.

The governor has also stressed the importance of the tax cuts that he proposes.

And in the coming weeks, we will be evaluating the impact on New York City.

But I recognize that the governor is putting forward a proposal that sets state priorities with this package in the same way that we in New York City are putting forward our dedicated 5-year modest tax increase on the wealthiest New Yorkers to fund our universal high-quality pre-K for 4-year-olds and our extended learning for middle school children.

Let me also turn to the governor's response to the dire plight of health care in the state – including the current crisis in Brooklyn.

We strongly support the state's request for a Federal Medicaid waiver, and the goal of investing those funds for the transformation of health care facilities.

We also believe that has to be part of a larger effort by the state and New York City to ensure that people in Brooklyn have consistent access to quality health care.

Members of the Legislature:

You all know that a budget isn't merely a balance sheet; it's a statement of priorities and an expression of values.

So together, let's use the budget process we're engaged in to address the top priority we've outlined today:

The crisis of inequality in our city and our state.

And universal pre-K and quality after-school programs do just that.

We can level the field for our kids – every child in every borough of our city – by asking those who make more than half a million dollars a year to pay a little more in taxes.

Now, I know that last part has been the subject of some debate in recent weeks.

And I know that people of good intention can have different plans for how to achieve

better outcomes for our kids.

But let's start debunking two myths surrounding our proposal.

First, there are some who say that Albany shouldn't approve our plan because the state government simply cannot raise any taxes right now.

But that is not the debate. We're not asking Albany to raise the state income tax by a single penny to pay for universal pre-K and after-school programs in New York City.

We're simply asking Albany to allow New York City to tax itself – its wealthiest residents – those making a half-million or more a year.

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We don't want to punish the wealthy for their success – we want to create more success stories.

This is about the children of New York, and just how strong of a commitment we are willing to make to their futures.

We look forward to working with you to strengthen that commitment.

And now we look forward to your questions for us.

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