



**Testimony on the
2021-22 Executive Budget Proposal
Joint Legislative Budget Committee**

Mayor Mike Spano
City of Yonkers

February 11, 2021

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 and Assemblyman Gary Pretlow.

Thank you for welcoming me.

Similar to years past, I submit to you as the Mayor of Yonkers – the fourth largest city in New York State and the largest in the Hudson Valley -- the financial needs of our city. However, this year is like no other since I've been mayor. Over the last 11 months, we share in the heavy burden and fallout of a global pandemic that's devastated millions of lives and has put our economy on life support.

Allow me to share with you the impact in Yonkers.

YONKERS PUBLIC SCHOOLS

Let's start with our schools.

Over the years, you've heard me speak of the staggering deficiencies that Yonkers Public Schools face due to necessary cuts in services. Last month, you heard from our Superintendent of Schools, Dr. Edwin Quezada, who outlined the \$50.8 million budget shortfall Yonkers Schools will face this year, and how despite the pandemic, have forged ahead facing even more challenges despite the lack of funding.

I believe the lack of funding is due to, what I consider to be, the result of the two educational systems in this State – one for the haves and one for the have-nots; or in simpler terms: one for the rich districts and one for the poorer ones.

For years, I've commented to you about the systematic inequality for Yonkers schools because of the antiquated Foundation Aid Formulas. This has only become more evident with the historic adaptations that have had to be made as a result of the pandemic. Many of our children live below the poverty level. The district has been forced to buy students devices and supply them with Wi-Fi. The State Aid Formula uses a combined wealth ratio that is not reflective of the children we educate: over 73% are economically disadvantaged; 19% are students with disabilities; 11% are English Language Learners; and 77% are African American or Hispanic.

The federal government made available \$4 billion in aid to NY schools. According to the local district funding adjustment reduction proposed by the Governor, New York's aid to Yonkers Schools will decrease by \$29 million this year -- that's \$20 million more of a reduction than any of the other Big 4 School districts. When you add in the proposed COVID-19 stimulus, deduct the Special Services Aid cut and the VLT (video lottery terminals) aid reduction, Yonkers' education aid is being reduced by \$1 million despite the State receiving \$4 billion. Why are Rochester, Syracuse and Buffalo getting a bigger bite at the apple? Our students deserve better.

I mentioned that Yonkers Public Schools expects a \$50.8 million budget gap for the upcoming fiscal year. Allow me to point out another inequity: Yonkers is the only Big 5 District to have a gap, let alone one of this size. We also remain the only city continually to increase its local aid to education each year. Since I've been mayor, the Maintenance of Effort has increased 19% annually and 69% cumulatively. How can we provide more aid when we are barely keeping our heads above water? Taxpayers have exhausted their ability to foot the bill. Something needs to change.

WIN BIG FOR YONKERS

A viable option to provide alternate means of funding for our schools is closer than we think. New York is a leader in the gaming industry worldwide and Yonkers is home to one of the most prominent gaming and entertainment destinations in the tristate area, MGM Resorts' Empire City Casino. With an annual payroll of over \$45 million and nearly 1,200 employees, Empire City is critical to the economic growth of Yonkers and New York State as a whole.

This legislative session, I will continue to advocate for the extension of full gaming to Yonkers' MGM Empire City Casino. Each year, New Yorkers statewide directly benefit from the more than \$300 million Empire City generates annually for state education -- despite having a limited gaming license and functioning in a restricted regulatory environment.

Competition is intensifying as neighboring states aggressively pursue new casinos and gaming opportunities that threaten New York's existing casino revenues and jobs. Surrounding states have expanded, or plan to expand, full-gaming properties within close proximity to Empire City Casino. We've already seen the effects of the absence of full gaming in Yonkers. New Jersey, which is just a short ride from Yonkers, can identify 44% of all its mobile bets are made within two miles of the state border -- with as much as 25% of its betting coming from New Yorkers crossing the border.

We are willingly sending good, viable education dollars across the river when they can easily be collected in Yonkers.

While I was glad to learn this year's Executive Budget includes the proposal for mobile sports betting, the current legislative proposals do not allow MGM Empire City to offer mobile sports betting or directly benefit from the passage of the legislation. To leave Empire City out of this sure bet would leave this otherwise high-performing revenue driver and our schools empty handed.

Lastly, as you know, the pandemic hit Empire City Casino very hard. Empire City Casino, even with a reduced number of Video Lottery Terminals (VLTs) because of social distancing requirements, still averaged \$19 million PER MONTH in education revenue to the State over the last three months. The proposed 5% reduction in VLT aid to the school district will bring the annual amount going to the school district BELOW what the Casino sends up for education in just one pandemic month alone.

In the end, I ask you to consider the financial impact Empire City Casino has on not only Yonkers but on New York State. With your help, we all win!

REBUILD YONKERS SCHOOLS

I'd like to revisit the environment in which our students learn.

I've come here now for six years in a row to speak to you about the physical conditions of our schools. I've outlined for you the deplorable environments in which many of our students are required to learn. Our schools are 4,500 seats over capacity for a district size of 27,000 students; and nine of our schools are over 100 years old.

The global pandemic has only highlighted our capacity needs even more. Yonkers Schools can't even consider opening up its doors for five days a week instruction without the appropriate space needed to adhere to CDC guidelines for social distancing. Looking towards the 2021-22 school year, the infrastructure crisis in Yonkers Public Schools will only worsen.

In the meantime, we've tried to take matters into our own hands. We recently purchased and closed on the property at the former St. Denis School site to construct a new community school for grades pre-k through 8. While we are appreciative the delegation approved the double MCA (Maximum Cost Allowance) to allow for this, it is the limit of what we can pay. Our plans potentially to build two more schools for our overcrowded district will come to a screeching halt without state assistance beyond the standard reimbursement.

Making temporary repairs to keep schools operating is not a choice. The school system has 41 capital projects on the books at an expected cost of \$127.5 million. There are also 15 projects in design at a cost of about \$69 million. If those numbers sound high, consider this: a 2015 survey of all capital needs at Yonkers' 40 schools showed 27,000 items needing to be addressed. The cost of addressing them all would cost about \$567 million. This is not sustainable - Yonkers alone still cannot afford to rebuild these schools on our own.

No legislation even comes close to addressing the other schools that need to be rebuilt or addresses the 15% overcapacity of our schools and deplorable conditions in which our children learn. Add our growing needs due to the pandemic; our situation is becoming more precarious.

In the absence of any change in the formula, I ask that a Capital Block Grant of \$100 million be made available to Yonkers to offset the local taxpayers' share of this project. While it will not completely cover all the costs, it will make this ever important capital improvement plan to our schools more affordable. Our students cannot wait. It is time to rebuild Yonkers schools.

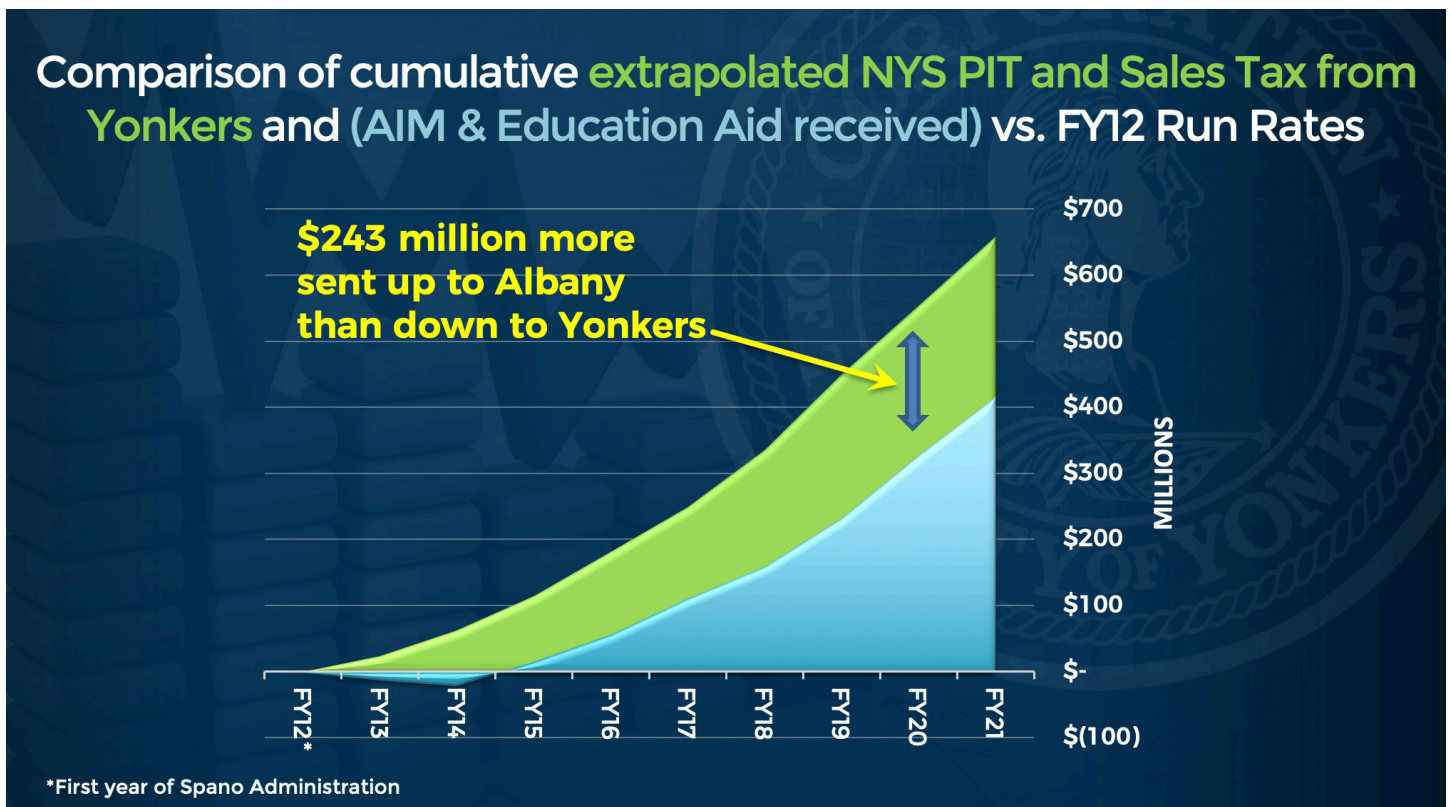
CITY/STATE PARTNERSHIP

We've touched upon the needs of our schools, but we also must not neglect the costs of running the largest city in the Hudson Valley.

2020 was a long and difficult year for local municipalities. Lockdowns and Yellow Zone restriction zones have led to an increase in unemployment and a decrease in economically sensitive revenues. In Yonkers, exclusive of the \$21.5 million in AIM aid withheld by the State, the revenue loss for Special Taxes and other departmental revenues is projected to be \$42.7 million over the 16-month period. During the pandemic, we have seen millions lost to the reduction in home purchase closings (mortgage transfer tax), small business and Empire City closings causing unemployment (income tax surcharge), decreased travel (hotel tax and parking violation fees) and temporary reduction in construction (housing and building permit fees).

Add to this, the Governor's Executive Budget proposes a 2.5% decrease in AIM funding. Over the years, municipalities have taken a big hit when it comes to AIM and now we are looking at an additional loss. Since 2012, Yonkers taxpayers have sent the State an additional \$243 million via personal income tax (PIT) and sales tax above what the State has provided in AIM and education funding over the same period. During that time, AIM has remained flat and now may even decrease. If you were to calculate the State's 2% growth in your budget during that same time, we should have received cumulatively \$31 million more.

The State continually freezes our aid. This only begs the question: should we freeze our payments to the State?



The proposed decrease in AIM not only leaves Yonkers with fewer resources, it also effects the fiscal progress we've made to date. Under my Administration, our finance team has worked tirelessly to ensure the bond market responds positively to our fiscal responsibility. But, as a result of the State withholding \$21.5 million in aid this fiscal year, we had to deplete our reserves forcing a downgrade in our bond ratings that we've worked so hard to secure. This downgrade, primarily from the withholding, has already created greater bonding costs for Yonkers.

Plus, the cut in AIM also prevents Yonkers from funding Yonkers Public Schools more. An example of our commitment to education is the fact that Yonkers is the only Big 5 City that pays for 100% of the School District's debt service, which is above and beyond the legal requirement of the Maintenance of Effort. A cut in AIM will limit or prevent the City from making those debt service payments. This is problematic because this year Yonkers made an even larger long-term debt service commitment to the District for Chromebooks, laptops and HVAC needs due to the pandemic.

Over the last nine years of my Administration, we've been frugal with our spending. We've instituted hiring freezes, we've merged departments and we've sold off property to plug our hole. We've managed the economic impacts of the pandemic as best we could – we've made necessary cuts in spending, but now we must contemplate cuts to our workforce or institute furloughs.

We estimate our 2022 budget shortfall to be approximately \$25.3 million -- assuming no payment for AIM owed for Fiscal year 2020, no increase to our Maintenance of Effort, while cutting corners by using short term budgeting tactics, such as bonding for tax certioraris and not budgeting contingencies for unsettled contracts. The money is just not there. Our budget continues to grow each year in order to pay for a workforce, which makes up 74% percent of our budget. Over the past 11 years, fringe benefits have grown 78%, or \$77 million per year.

We've looked to the federal government to recognize the needs of local municipalities, just as it did when it supplied \$168 million this year to Westchester County. Although the County received a pandemic recovery relief package, Yonkers has yet to receive one. I guess they forgot about us. We can't afford to lose any more funding to other governments. Cities like Yonkers are where the rubber meets the road and now have been left empty-handed to deal with this crisis. I ask you to advocate our needs to our federal representatives. New York State must fulfill its Constitutional responsibility in supporting their local governments.

In the face of decreased AIM funding, rising costs and a devastating global pandemic, we are without options. Now is the time to increase AIM funding and to revive the partnership between the State and the cities.

YONKERS IS LEADING THE WAY

Yonkers has come a long way in the last nine years. I believe Yonkers is a city on the move and is leading the way for others to follow.

With the help of our great Governor and the State Legislature, we've made amazing strides in changing the face of Yonkers. We've already seen amazing returns on your investments.

I look forward in continuing to work with you and Governor Cuomo. Thank you.



MAYOR MIKE SPANO