



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

**FOR IMMEDIATE RELEASE:** April 26, 2018  
**CONTACT:** [pressoffice@cityhall.nyc.gov](mailto:pressoffice@cityhall.nyc.gov), (212) 788-2958

**TRANSCRIPT: MAYOR DE BLASIO RELEASES EXECUTIVE BUDGET FOR  
FISCAL YEAR 2019**

**Mayor Bill de Blasio:** Good afternoon, everybody. Got a lot to go over today, but let me start with some gratitude to all of the folks from the administration who have worked for these last few months to prepare this executive budget. It's an immense amount of work goes into it, and really want to give them their due credit. I want to thank our First Deputy Mayor Dean Fuleihan, our Deputy Mayors Alicia Glen, Herminia Palacio, Phil Thompson, and Laura Anglin. Chief of Staff Emma Wolfe, Chief Policy Advisor Dom Williams, Intergovernmental Director Jon Paul Lupo, Senior Advisor Andrea Hagelgans. Of course, our OMB Director Melanie Hartzog, you'll be hearing from her in a little bit, and all of the staff of the OMB. They do not get the credit they deserve, but they do absolutely amazing work and I depend on them every single day. I want to express my appreciation.

Also as per usual, we have had a very good, and collegial, and productive set of discussions with the City Council. I want to thank Speaker Corey Johnson and Finance Chair Danny Dromm – all the Council members, all the finance staff for a continued positive partnership.

I want to begin at the beginning, what I said to all of you on Inauguration Day. The goal that we bring to this entire second term, the next four years, is to make New York City the fairest big city in America. It is an organizing principle. It's what we talk about as the idea that has to run through all of our decisions and our investments. So, you will see as I lay out this budget how that idea, that strategy has played out. We ask ourselves a simple question, is what we're going to do something that will make New York City fairer? And that's where we put our energy and our resources.

It's a four-year vision ahead. We're going to try and be consistent over the next four years. But we are building what we are doing based on what the previous four years showed us. And it showed us that a lot can get done and can get done quickly. Obviously, we are also the safest big city in America. And we proved that neighborhood policing is the strategy that got us there. Bringing police and community together works, we want to deepen that. We proved that we could keep more and more New Yorkers in the neighborhoods they come from and that they helped to build and make great. We're going to deepen our affordable housing efforts. We proved that we could make real progress in breaking the stigma associated with mental health

and get more people the treatment and support they need. We're going to deepen that. Clearly when it comes to education, the Equity and Excellence agenda has already begun to take hold. We're going to be going a lot farther with it, and specifically with early-childhood education, building upon the success of pre-K and now fostering in the age of 3-K.

That is a simple connection to what we did in the first four years, to what we're going to be doing, going forward. All of the things we've done and all the things we hope to do revolve around a simple principle, and I evoke it a lot, that progressives need to be fiscally responsible. We look back in our history of this city to some good hearted people who made some bad choices and made it hard for this city to achieve what it needed to going forward. We have been adamant that we have to achieve progressive change through a fiscally responsible paradigm. And that whatever we do, all the things we do have to ensure that people have equal opportunity and equal possibility regardless of zip code. So, this is how all of these pieces come together in this budget.

Now, I want to start by talking about the economy, very briefly, but it's important for perspective and we're proud of where the economy of this city stands right now. A lot of reasons for it – what we do here at the City level is one of a number of reasons, but it's an important part of the equation. Having a much safer city deeply affects the course of our economy, certainly effects businesses decision. Having a better school system, equally. Having a better social fabric, equally. There's a lot we've done here that I think has contributed to a lot of what you will see in these numbers, and certainly most obviously our economic development efforts, our targeted investments in supporting different segments of our economy so they'll be stronger and we'll have a more diverse economy and more jobs. We're seeing some real results and you'll also see how it's becoming more of a five-borough economy, which has been one of our goals from the very beginning.

So the top-line numbers here, starting with the population, which is the essence of all things. We are now officially past 8.6 million for the first time in our history. We talked about different projections last time, now they're actually starting to come true. We are over 8.6 million, we could hit 9 million as soon as 2030, which is really an astounding idea and one we're going to have to do a lot of work to prepare for. An important additional economic indicator, tourism – despite some fears that there would be a drop off, we haven't seen it. Another record for tourists visits last year, over 62 million.

Now, the next piece is profoundly important because this is the essence of the economy, the jobs that New Yorkers depend on. And we now have set a record and I've very, very proud of this. We actually have two records I'm going to discuss. This is four year mayoral terms going back to 1954, and here you see the final judgment on the first term in terms of jobs created, almost 428,000. To Alicia and her whole team, that's a number you should be very proud of. But more jobs created in the last four years than any four year period in this city's history or certainly that we know of going back to the early 1950s.

So that is a record, but the other record which this contributes to is crucial. We are, as of today, at 4.49 million jobs in New York City. 4.49 million, the highest we've ever been. We've got a

very big milestone coming up and that's certainly one we're going to be celebrating when we get there.

Now I mentioned the five-borough dynamic, and this one is so important – this slide. So, record unemployment and what we're seeing here – I just want to note, look how close these all come together, you've got – make sure I get them right here, Queens and Manhattan at the very lowest. Queens actually lower unemployment by a little than Manhattan. Brooklyn and Staten Island – almost exactly the same. But look at how evenly grouped all of them – this is a really good and powerful thing for this city, the five-borough economy. Low unemployment in four of the five boroughs. The Bronx, which has had history of fighting a lot of inequality, a lot of unfairness still a ways to go to close that gap, but I want to note – look where the Bronx was in 2013, over 12 percent unemployment – now, down just around six percent. They've cut unemployment in half in a matter of five years. That's something everyone in the Bronx should be very, very proud of. And we've been happy to play a role in that as well.

So, the big picture of our city economy, we are very, very pleased with where we stand. This is a good, strong situation. We're not going to forget to be vigilant because things can change and they can change quickly, but right now we're in a very strong and balanced place. When we put together this budget we wanted to make sure we could protect this strength, protect the City's strategic position, protect the progress we've made. So, the budget we're unveiling today will do that and the executive budget total for Fiscal '19 – \$89.06 billion.

Now, I want to talk about some good news and some bad news as part of this budget process. I'll start in fact with three pieces of good news. The first has to do with savings. We've talked a lot about savings in the last budget presentations the last few years. At the time of the preliminary a few months ago, we promised at least half a billion in new savings. I am proud to say, and thanks to OMB, we have done much more than that. We have added an additional quarter-billion more. So, the savings program that has been achieved is \$754 million, combining savings in Fiscal '18 and Fiscal '19. So, \$754 million in new savings since February –

That has been achieved through a variety of tools. Those include the partial hiring freeze that we announced last year, and that also includes hiring delays in accruals. I want to emphasize that that partial hiring freeze will remain in effect. Also vacancy reductions have been a part of this, and Mel will certainly be happy to go into any detail if you're interested in those. Again, also emphasizing we'll take a number of questions now, there will be a technical briefing later as well.

Overall, since the adopted budget last June the total savings that have been achieved is \$2.1 billion. That's in less than a year – \$2.1 billion in new savings. And the health care savings that we focused on a lot the few years continues – \$1.3 billion in savings this year. That will be a continuing number, that \$1.3 billion. We intend to add to that substantially and that's a major part of our labor negotiations that are happening now.

Now, the second piece of good news is maintained historic levels of reserves. So, this is repeat of what you saw last year – a billion in the general reserve spread over four years, \$250 million continuing in the capital stabilization reserve – this is to support our capital spending – and the

retiree health benefit trust fund now up at \$4.25 billion. So, this is a repeat of last year. We think it's a very strong level of reserves.

And the third piece of good news is on the revenue side, but it comes with an asterisk. We had some substantial new revenue come in, in the last few months. That's good but the trick here is a lot of it is one-time only. About \$600 million we believe that we have received recently we will not see again. We're very, very happy to have it, but we're not assuming it for future years. Why? Tax law changes that had a particular effect in combination with the law passed in 2008 on repatriation.

Again, my colleagues can go into greater detail and then the next two are interrelated – the stock market gains in 2017 were unusual and very positive but very unusual and obviously the bonuses that came off of that, we do not assume that kind of high level of stock market activity necessarily continues.

So, the money is being put to good use but as we plan for the following fiscal year we are not assuming that \$600 million of it will continue.

Now, on the bad news front, we had a bad year in Albany – in fact, the worst year since 2011. And 2011 was a different administration, but 2011 also, to be fair to the State government, we were all of us just coming off the Great Recession. So, this is cautionary that we saw this many cuts and cost shifts this year in Albany – about \$530 million in hits. That is, to put it in perspective, about 25 percent of all new City spending in this budget. It's because of the need to compensate for cuts and cost shifts that came out of the Albany budget. So, about one in four dollars new in this budget is to compensate for those actions in Albany.

Let me go over some of them with you. So, the \$530 million, that's just for Fiscal '19. The Subway Action Plan, obviously – this is the expense side, there's also a capital element. The school aid shortfall – I think a lot of observers were really surprised by this. We expected – and everyone is a mature adult here – in an election year, we expected Albany to go farther on school aid. We were very surprised they did not.

On Raise the Age – you know when this was passed last year, I applauded it, a lot of us applauded it. We warned that it should not be an unfunded mandate. This is the kind of thing the State paid for, for years and years – 16 and 17 year olds who are in the justice system. When it got passed we said this was great reform, this is progress, please make sure it's not a unfunded mandate. Guess what ended up happening. It's an unfunded mandate – \$108 million for Fiscal '19. That number will go up in later years.

And then Close to Home, which is again an initiative in the previous administration with the State. It's a very good initiative. I believe in it. But we do not believe it was ever meant to be done without any State support. Unfortunately the State has walked away from it. Again, that's 25 percent of the impact we've seen in this budget in terms of new City spending.

We have also a very big issue which is the impact of the State executive order related to NYCHA. The more we and other analysts have looked at that executive order, the more we see a

very challenging and potentially dangerous element of it in terms of our budget. There's some very open-ended language in the executive order which could result in the City having to incur a substantial additional cost that do not go through our budget process, that the Council doesn't get to vote on, that I as Mayor have no control over, nor does the city Comptroller.

We are concerned that that creates a very problematic precedent and in addition could have many unforeseen consequences for next year's budget. We are going to work to have that modified. We're going to work in the spirit of cooperation hoping for that.

But that is an X-factor in this budget dynamic. We do not know the full ramifications of that executive order because no one knows the full ramifications of that executive order and we have to address that and make sure we do not end up with yet another unfunded mandate from Albany.

Now, I want to say on the other side of the ledger in Albany there were some substantial cuts that were proposed and were beaten back. I want to thank in particular Speaker Heastie and the members of the Assembly that played a leading role in this, a lot of advocates and community leaders as well.

\$340 million more would have been cut but for avoiding unfunded mandates related to charter schools and cuts to child welfare services and special education. And then there were two just vast proposals of potential limitless danger to New York City. And I want to give a lot of people credit in the business community, the labor community, civic community who banded together against this. The attempt by the State to raid our property tax revenue through the "value capture proposal" and the attempt to force all MTA capital expenses to be paid by the City of New York.

Both in my view were outrageous overreaches, to the credit of a number of legislators in Albany and to the credit of a number of other leaders in this city who stepped up, both of those were beaten back fully.

Now, let's turn to Washington. Look, one could say for sure that what has happened with our federal government is not necessarily what we expected on November 7th, 2016. It's a true statement. The negative impact on New York City has been much less than expected.

I want to put it in perspective. That being said anyone who thinks that we know what's coming next has not been watching the news recently because we can only expect the unexpected. And there are some very distinct realities we do now know for sure.

And the most important one relates to infrastructure. I want to remind people because you know the federal context shifts not weekly, not daily, but hourly nowadays, and we're all a little thrown by that.

I want to remind people, during his presidential campaign then-candidate Trump called for a "national rebuilding" and he said – this is a quote, everyone remembers – "I will be asking the Congress to approve legislation that produces a \$1 trillion investment in the infrastructure of the United States." Had that happened the impact on New York City could have been extraordinary because the biggest city in the country with some of the oldest infrastructure and one of the

economic centers of the entire nation – we could have benefited a lot and it could have reduced some of our exposure in the things that we have to pay for.

Unfortunately, at this moment, I think it is a consensus sadly in Washington, there is no longer any talk of an infrastructure plan. It is literally off the table for 2018 and it may not be coming back and the number one reason is that the money that would have supported an infrastructure plan was given away in the Republican tax legislation – biggest giveaway in decades to the wealthy and corporations. That money, of course it blew up the deficit as well, but that money would have the basis for an infrastructure plan. It is gone. It's not coming back right away. One day it might but certainly not right away.

That has real ramifications for us. That's relief we're not going to get. So, I'm happy that the situation in Washington is better than we thought. There were even a few instances of progress in the budget reconciliation. Although, again, those appear to be one-shots. We're going to be hopeful for the future but the infrastructure piece is unfortunately a real challenge for us.

Finally, on the national front, I just want to talk about one economic fact and it continues to confound us. I want to be very clear upfront, there's no projection we have from OMB that suggests any negative turn in the economy. We were comparing notes with the City Council earlier. They feel the same way. No one sees storm clouds on the horizon. We talked to the Comptroller. Everyone's aligned that we think this recently good economy continues for a period of time.

But here's what no one can make sense of – second longest economic expansion in modern history in this country, it's in its 106th month, and the average expansion since World War II has been 60 months. So, it's almost twice the average expansion. When does it end? It can't go on forever. When it ends, we are going to have serious consequences here in the city. We don't see it right now. We do see, of course, wild fluctuations in the stock market of late. What that could mean, no one can quite tell.

So, in summarizing all the external factors – the economic reality, Washington, Albany, etcetera the good outweigh the bad for sure but not by a lot. And the Albany piece is a particular concern for today and also for what it means for our future.

We, as a result though, of what is still a net positive situation, we did not need to draw off our reserves, something we very much wanted to avoid. We did not have to cut major programs. We were able to keep investing in this vision of fairness.

But I'll leave this section with a reminder of a cautionary point I made. The last time Albany took this big a bite out of New York City was 2011. Really, we need to make sure it does not happen again.

Now, I want to turn to some of the things we were able to invest in. Again, these investments this year are more modest than in some previous years but we think they're still going to make a very big impact and I want to start with our schools and the Equity and Excellence vision.

Now, Chancellor Carranza is very focused on bringing this vision to life in all of our schools and yesterday with the City Council we announced a major element to complement our vision, which is the \$125 million we'll add next fiscal year and that will be baselined thereafter to bring the Fair Student Funding up to a 90 percent floor, a 93 percent citywide – excuse me, yes, a 93 percent citywide average.

That puts us in striking range of finishing this vision once and for all and getting to the day where every school is at the 100 percent level. We will need support from Albany to achieve that.

This certainly shows that even when Albany steps back, we step forward and I think we'll encourage and incentive further investment from Albany down the line.

Again, reaching 850 schools, all boroughs, every school district, and a wide range of potential uses whether it's new teachers, guidance counselors, technology, textbooks, arts programs, a whole host of things depending on the school and what they need.

Again, I give a lot of credit to the Council for pushing for that. What we said yesterday, and there's a lot of energy around this, is we will not let the Campaign for Fiscal Equity decision be forgotten. We're going to keep fighting for it to be realized. There's actually growing focus on this issue even though it's been a decade. This is still on the front burner not just for New York City, for the upstate cities, for the rural areas as well and we're going to stay on it.

Now, I've said many times and I don't think it's probably been the centerpiece of a lot of people's coverage and focus but I really want to emphasize it. One of the most important pieces of Equity and Excellence is getting our kids' reading on grade level by third grade – very strong consensus in the educational community that this is one of the breakpoints. A kid who reads on grade level by third grade it predicts tremendously future academic success. A child who doesn't reach that level is in danger of not succeeding going forward. We've got to set this as our baseline as a city. We have a long way to go. We are making substantial investments to keep deepening what we've already put in place.

This is one of the things the Chancellor and I talked about the most when we were in the interview process and to achieve it, it is very much about helping our teachers be effective at addressing the needs of kids at this age and really honing in on what each child needs to get to full literacy.

We will be providing those trainers, those teachers who teach the other teachers and help them to perfect this work in every elementary school in the city. The investment we're putting into the '19 budget, \$30.5 million, focuses very particular also on the kids who have the greatest need – kids in shelter, who we're going to be doing additional after school reading programs for; English-language learners and kids with special needs, who we are just as adamant about helping to get on grade level reading by third grade but they will need extra support; and to make sure that schools, again, that have had the toughest time historically have more personnel focused on literacy – more literacy coaches in those schools. So, we'll be doing that as well.

I want to turn to public safety. It's been an area of great, great strength for this city. We should all be proud of the fact that we're safer than we've been at any time since the 1950's. We want to go deeper. Neighborhood policing is the way. Healing the wounds and the disconnect between police and community is the way forward. That animates all of our efforts. At the same time, as everyone knows, we've got to deal with some threats that go far beyond traditional crime. Obviously, we are the number-one terror target in the United States, and one of the big investments on the capital side – \$103 million to install permanent barriers, bollards, granite blocks, concrete blocks at well-trafficked, central areas all over the City. This is being coordinated and prioritized by the NYPD's Counter Terrorism initiative. And we know this will protect a huge number of New Yorkers and our visitors every single day. This is a crucial physical element to add on top of everything we're doing right now – intelligence gathering and all of the other efforts we've put into fighting terror.

But just as we're getting deeper and deeper into that effort, we have not a new threat, but a growing threat, which is the challenges related to cyber-security. It's been a sobering few months as we've seen more and more public and private entities targeted successfully. We are very sobered by a recent example when the National Health Service of the United Kingdom was targeted and literally to the point where medical personnel could not access patient's records – people's lives were at risk. This is the time we're living in. So, to focus only on “traditional terrorism” would be a huge mistake. We have to focus on cyber-security. We have a cyber command in this city that's very robust. We're adding to it, an investment of \$41 million for Fiscal '19. The funding is very focused in terms of getting to the grassroots of this government, if you will. This funding will allow us to ensure that every single computer, every single device anywhere in the City government is upgraded to have the latest protections in place. We need to do that. We need to shut off lines of attack in a ubiquitous manner. All agencies will be under a single mandate, and Cyber Command will have the ability to reach into any and all City agencies equally.

Another important element, and I'm going back to the traditional safety in neighborhoods in the fight against crime. NYPD has outdone themselves – absolutely extraordinary. By the way, we're only a quarter of the way into the New Year, but, once again, a new record is being set for reducing major index crime – shootings, murder, etcetera. We have real progress in 2018. I want to note that another piece of the success in recent years has been the Cure Violence movement, and we're very, very pleased with what we see – having a grassroots element that works parallel to the NYPD, but in a very respectful manner – both sides. We've seen amazing reductions in violence and tremendous efforts to keep young people away from a life that might bring them toward violence. This is a small investment, but one we think is going to be very helpful to help Cure Violence organizations to have a response unit, a vehicle they can use as a command center when, for example, there's been a shooting in a community. Job-one is to make sure there is not a retaliatory shooting, and the Cure Violence movement can play a crucial role if they can set up in that community and provide that kind of support, obviously also helping people overcome the trauma associated with the shooting. So, this is a small, but important investment.

I want to talk about public housing – a lot of focus lately. That is a good thing, we have to make up for what was many decades of disinvestment and neglect of the 400,000 people who live in public housing. The overall impact of this administration's new investments – not mandated, not



previously authorized, but since we came in – \$2.1 billion in new capital dollars flowing into NYCHA, \$1.6 billion in new expense dollars. For Fiscal '19, that means a commitment of \$423 million in capital dollars, \$232 million in expense. That's things that – some of them you've heard previously – in the capital side, the money for the new efforts to address the heating situation, the previous commitments around fixing roofs. You've seen some of them, some of you were with me at Queensbridge Houses to see that work – the facades in buildings and making them safe, lighting to make communities safer, a whole host of expenses covered by these investments for Fiscal '19.

Almost done now, I want to talk about a specific thing we're doing this year and next, which is zeroing in on a certain type of repairs at NYCHA. One of the things that has worked was reprogramming a lot of money into repairs. And you'll remember, one of the very first things we announced was no longer requiring NYCHA to pay for policing, which, again, I don't know how that ever was required. But we took that obligation off NYCHA. The money was earmarked for repairs. That especially meant that a lot of the day-to-day repairs that the general staff, maintenance staff could do. But what we found was there were a lot of more specialized repairs that were taking way too long. When we came into office, the backlog was 70,000 apartments that needed repairs that required things like a plumber, or a plasterer, or a carpenter – someone with specialized skills. This investment over two years is \$20 million – so, \$10 million each year – will allow us to complete a backlog of \$50,000 cases – \$50,000 apartments waiting for these kind of specialized repairs will now get them with this investment. So, that's going to be tremendously helpful. And that is emphasizing, these are not the emergency health and safety repairs. Emergency health and safety repairs, the stipulating goal there is to address each of them within 24 hours – very different type of reality than the ongoing repair work that needs to be done.

So, I'll just finish by saying – again, trying to bring what is in effect a simple slogan to life. The goal – become the first big city in America. Think of it this way, are we working toward fairness every day? Are people experiencing more fairness in their lives? Do they feel this city is treating them the right way? Do they feel they have opportunity? These are the measures we are trying to hold and that animate our spending decisions.

So that's the overview. I want to turn to our Budget Director Melanie Hartzog. I will just do the quickest few lines to summarize in Spanish.

[Mayor de Blasio speaks in Spanish]

A good phrase that I will note again in English, this is a down payment on a more fair future for New Yorkers.

With that, I turn to Melanie Hartzog with great appreciation for her work on her first budget as Director. And I will make you taller. Take it away.

**Director Melanie Hartzog, Office of Management and Budget:** Thank you, Mayor. Okay I'm going to quickly walk through a couple of slides here. Let's start off with the gap sheet. So as the Mayor said, the Fiscal '19 executive budget is \$89.06 billion. FY '18 and '19 remain balanced. I

want to note our out year gaps. Fiscal '20 we're at \$3.2 billion. Fiscal Year '21 we're at \$2.86 billion. And in Fiscal Year '22 we're at \$2.25 billion. And again, just reiterating what the Mayor said, Albany has imposed more than \$500 million in budget cuts and cost shifts to the City in fiscal year 19. Should this continue we're concerned about what the impact will have on our out year gaps and our reserves.

In terms of revenue changes we're reflecting an increase in tax revenues, a yearly growth rate of about 6.6 percent in 18 and 3.1 percent 19. The FY '18 revision is due to the growth of the personal income tax, about 14.4 percent. We don't see this carrying over to '18. It is a windfall due to tax law changes and other temporary factors, and I'm happy to go through that in detail with everyone during the technical briefing.

We're also revising tax revenues upwards in Fiscal Year '20 and '21 which reflects an annual growth rate of about 3.8 percent. And there's little changes for non-property taxes in Fiscal Years '20 through '22. And only slight changes in our non-tax revenues.

In terms of agency expenses, the executive budget reflects an increase of \$537 million in '18, and \$946 in '19. Savings, as the Mayor mentioned, \$754 million across '18 and '19, these savings exceed the goal that he set for us in the executive budget – I'm sorry at the preliminary budget for the executive budget of \$500 million. And since adoption we've achieved over \$2.1 billion in savings.

Finally on this slide, the reserves, we're adjusting the general reserve down in the current year leaving a balance of \$50 million, very typical at this time of year for us to adjust down. And we're using the '18 adjustments to prepay expenses of \$1.068 billion for '19.

So let's go to the next slide. I'll be really quick, just two things. This is the City funds budget over the five year plan. Just want to point out City funds in '18 bottom-line there, you'll see total expenditures, \$63.27 billion. And in '19 it's \$65.026 billion. And also note our reserves in '19 and out, you'll see the \$1.25 billion spread across a general reserve and the capital stabilization reserve.

Finally it's our all-funds slide. Here, just pointing to the bottom line, here is total budget, \$88.67 billion in '18 and for 19 \$89.06 billion.

One more slide to go which is the capital plan. So the five year capital plan which covers fiscal years 18 through 22 is \$82 billion. This reflects an increase of 2.4 billion, roughly three percent over the preliminary capital plan. And as you can see from the pie chart our largest capital commitment is to infrastructure.

And again, I'll be happy to take all of the technical questions that I'm sure you'll have on the revenue side at the briefing – the technical briefing for the technical questions.

**Mayor:** Very clear. Okay. Alright. So, that is the overview. Let's do some questions. Dave?

**Question:** [Inaudible] here in the beginning that you're a progressive but you need to be fiscally responsible. And you said that some progressives in the past, maybe they made some mistakes. Maybe these numbers, you can clarify them, but is the budget [inaudible] bigger this year than last year, and do we have 4,000 more employees in the city than we did last year, and is that –

**Mayor:** The budget is bigger. I'll let Melanie do the exact numbers. The budget is bigger. We have new employees and I think for a very good reason. But I would also note fewer new employees than some of the other budgets. But it's all for a strategic reason.

So, I stand by that statement with passion. The – look, what happened in the past was spending beyond means and not accounting for it, not having reserves, not having savings plans. I understand it's been perfectly obvious why people have asked each year, you know, how is the budget growing, why is the budget growing but I want to remind you of why I invoke that lesson from the past. Because all of the things that need to be done to safeguard the future weren't being thought about. We have the highest reserves we've had in the history of New York City and we have not been dipping into them.

We have a very clear commitment to accounting for everything we're spending to constantly improving our savings efforts. You've seen that with the health care savings and the work with labor. You have seen that with the savings in the agencies. We're very focused on fair labor deals. We're satisfied that the last one was. We look forward to another one like it.

That's all how, in my view, you're fiscally responsible. But at the same time we've got things we have to invest in to ensure the success. The success you saw laid out, the low crime and the lots of jobs and all that, didn't happen accidentally. Some of that came from investment, obviously.

And the fact is we have to keep up with legitimate costs of making sure this government can achieve that kind of success for New York City. We have to have a framework for economic success and in fact a lot of times in life you invest to get back an even greater return. And I think that's what's happening here.

We have a very strong tax base. We have a thriving economy. These investments I think are helping to ensure that for the long term. So, that's how I square the pieces. Let me have Melanie jump in then if there's a follow up let me know. But on the exact change since adopted and on head count –

**Director Hartzog:** So, the growth since the adopted budget condition is 4.5 percent and it's actually in line with prior years when we compare adopted to this point in time of the executive budget process. They range from 3.3 to 4.7. And as the Mayor said the largest areas of growth are already built into the budget – labor, debt services, and other areas, and education.

**Question:** [Inaudible]

**Director Hartzog:** That is – yes.

**Question:** [Inaudible] what is it now?

**Director Hartzog:** Sorry. It's 3.82.

**Question:** [Inaudible] than last year?

**Director Hartzog:** Yep, in comparing based on the adopted condition, correct. And headcount is only up 1,700, roughly, positions.

**Question:** [Inaudible]

**Director Hartzog:** Yep, since adopt.

**Question:** Sorry, that's from the November modifications to this executive budget –

**Mayor:** Adopted – from adopted until now. David, do you have a follow or not?

**Question:** No, no, no.

**Mayor:** You good, okay. Courtney?

**Question:** The Council had been pushing for the Fair Fares. They'd also been pushing for a \$400 million property tax rebate and \$500 million in additional reserves. What is the status of those three initiatives?

**Mayor:** Well, certainly Speaker Johnson has spoken to me about them. The Council members – I met with a number of Council members this afternoon. Several of them brought it up. Look, we look to the Council's budget response. We thought there were some things we could address but a number of things were very substantial and we'd have to see what was possible going forward.

The one that I think was obvious to us as something the Council cared a lot about, something we believed was really strategically important, and was affordable was the Fair Student Funding. But now we're going to go into negotiation. As everyone knows you got between six and eight weeks ahead, and we will talk about each of those. We're going to be really concerned about the price tag and the impact on the future of each of those choices.

But we have not concluded anything on any of them yet.

**Question:** For the last couple of years, the City has been claiming savings from positions that aren't filled. Do you think it's a little disingenuous to say this amount of money, the City is saving, by not filling positions and why wouldn't the City just eliminate those positions to begin with?

**Mayor:** So, I'll start and want to offer if Mel or Dean wants to jump in. No, I do not believe it's disingenuous and I'll tell you why. Think about a budget in its essence. It's a plan, right. It's a vision, road map for where you're going to go. So you have the position in the budget because you think it provides value. But that does not mean you couldn't necessarily afford to fill it

today. You could say we're going to fill it down the road or sometimes there isn't the right person to fill it right away but that doesn't mean it still doesn't bring value later on. Now, there are certainly times where you say for whatever reason either what you see happening with the agency or your overall fiscal condition, you say we're cancelling it for good. But no, I think if you project spending and then you don't spend the money, that is savings by very definition.

What would be disingenuous would be if we said, oh there's a bunch of stuff we don't want but we're going to count it anyway. That's not the case here. These are things we think are valid important, should be filled but in certain cases we're deciding to change the timelines and the sequencing.

Yeah, please, let me –

**Director Hartzog:** I just want to add in this plan we are taking down a thousand positions. The headcount is coming down in Fiscal Year '18 to the tune of \$49 million.

**Question:** [Inaudible] the citywide savings plan like every time a new one comes out and most of the things in there are from hiring delays, project delays. It just seems that you guys are claiming a savings as something good when really you're dragging your feet on hiring people or doing projects. I just –

**Mayor:** I just don't – I appreciate that's what you think it's just not what I think and I don't think it's what OMB thinks. We, for example, on the capital side – we set a schedule, and OMB is very rigorous on this, of what it's going to take, the timeline it's going to take to build something.

They don't set it, like, by throwing a dart at a dart board. They very meticulously try and figure out with the agency what's a realistic timeline and they push agencies on the fastest they can do but they don't want sugar-coated, they want the honest truth of what something's going to take.

Guess what, we're human beings and what we find especially in construction is a lot of times things take longer. And so you have to make adjustments. But on the hiring piece, I really want to differentiate in your mind, when you decide a position is not worth filling at all, it should come out and it does. But if you decide a position is worth filling but you're making a specific choice not to fill it to save money for a period of time, yes that is a real savings.

I'm going to go on this side from back to front. Who's in the back? Yes?

**Question:** One of the big things here is hits from Albany. The school aid shortfall, that's the shortfall from what you thought you were going to get –

**Mayor:** Thought because of what we had gotten previously. So it's not, again – this is not a made up –

**Question:** [Inaudible] cost shift, I don't –

**Mayor:** It is in the sense of we got a consistent pattern of funding and we bluntly again expected it to go up and it went down. So, no, it is not – from our point of view, same concept, and again you guys can be more refined in your language. From my point of view, if you had seen money come in, in a certain fashion and you believed it was going to stay consistent with that fashion and then you don't get it, yeah, that affects your ability to get things done.

We made very clear to everyone in Albany what a priority it was to focus on school funding. By the way, so often it was folks in Albany saying put more into Fair Student Funding and we said we will. If you give us money, we're going to put it right there. So it was honestly very surprising that the number came in as low as it did.

**Question:** And then on the Raise the Age, was there ever a guarantee anywhere that that was going funded? Or – how does that fit into a cut or cost shift?

**Mayor:** Because it was explicit in the legislation around Raise the Age last year that it was not meant to be an unfunded mandate, that there was going to be an effort to ensure fairness to all jurisdictions, not just New York City. I spoke to a number of leaders in Albany about our concern that it was a great idea but that we were very concerned it would turn into an unfunded mandate. I was given many pleasant guarantees that they would take that concern seriously and then we wake up and we have an unfunded mandate.

So from our point of view, by both everything that had been said previously and noted including in the law itself, you can go back and see how it presents that issue and all the conversations. It should not have been handled that way. And unfortunately the sum impact is a greater expense for the city.

**Question:** Mr. Mayor, you talked about the Governor's executive order regarding NYCHA. You referred to that as an X-factor. So to be clear, that is not reflected in this budget? I mean you could [inaudible] anyway, got nothing to do with the Governor. How is the City bracing for that impact?

**Mayor:** A number of things going on. So, the first part of your question – no, it's not reflected because it's literally an unknown figure. What's reflected in the budget is our commitment to NYCHA that we are guaranteeing and we have spent, four previous years we're going to continue to spend.

We don't know – let's start at the beginning – we don't know if, how, when any State money arrives. I want to remind everyone, there was a 2015 budget passed by the legislature, signed by the Governor that gave NYCHA \$100 million. Only \$50 million ever arrived. There was a 2017 budget, same thing, passed and signed – \$200 million, zero arrived. Zero.

So, since I've walked in the door, the sum total of support for NYCHA from the State of New York is \$50 million – five-zero million dollars – versus what I've said. The City has done \$1.6 billion in expense, \$2.1 billion in capital.

The State has done \$50 million in actual money. Forgive me if I'm a little cynical about what happens next. So, we do not reflect anything we can't guarantee nor are we reflecting the potential unknown circumstances. We have in a variety of ways including my conversations directly with the Governor, made clear that we are asking for reconsideration on these issues.

There's obviously been some media coverage lately of a number of other elected officials growing increasingly concerned that this is a potentially huge unfunded mandate. So there's still time to resolve this and I am hopeful that we'll get to some resolution. Continue –

**Question:** [Inaudible] unfunded mandates and say we don't unfunded mandates [inaudible]. Do you have any reason to believe that this will not be just another unfunded mandate?

**Mayor:** Yeah because it's different than anything that's ever happened before in recent history. You know, Dean has a particularly good perspective on State government history. But I can say in all my years in public life I've never seen anything like this executive order.

We've had State monitors, we've had federal monitors. They have very narrowly defined roles and very specific purviews, and it's been a very actually cooperative process with State and federal monitors.

We've never seen this “emergency manager” model. We've never seen an open-ended ability to draw on City money. I mean, everyone look at the executive order. If you can find a parallel please tell me because I can't.

It gives the State the potential limitless ability to draw on City money. It gives the State the limitless ability to take from one part of NYCHA to another which means day-to-day operations, everything I talked about – the repairs and making the heat show up and all – could be drawn off for something else even if the something else is good. It could undermine day-to-day operations.

So, we need to get this all clarified and I think that the sheer logic here really does matter. I think more and more people are looking at it and saying, wait a minute we got a lot of unintended consequences that are actually going to end up hurting the residents and certainly affect the City bottom line very negatively.

So, yeah, I do think there's a good chance we could get some modification here.

**Question:** Mr. Mayor, the new budget adds close to \$1.5 million in new agency expenses over Fiscal '18 and '19, and you talked about some of the new programs but I'm wondering if we can get a better idea of what some of those costs are, some of the bigger costs.

**Mayor:** Yeah, I will do the really big scale summary and then you guys feel free to jump in and you'll get a whole lot more in the technical briefing. So, what is driving the change from adopted? Labor costs, first and foremost. So I want to remind everyone because this is really important to understanding the big trajectory here – when we came in at that zero point in labor relations, no one under contract, it was not just from that point forward. It was also the back years that mattered a lot.

You will remember a number of – including some of the largest unions – had multiple years without a contract. Some of the very biggest went back to four, some went to five and more. All of that had to be accounted for in the labor deal but we stretched out the payments to make it more manageable. So in ‘19 and finally in ‘20 all of those costs going back years and years and years get paid off. So it’s the conclusion of that whole cycle of labor negotiations but it had to be paid for, and we have a huge, huge workforce and we were starting from zero. So that’s the number one driver.

**Question:** Why wouldn’t that – why wouldn’t that have been reflected in the latest budget – that’s a known cost. That’s not a new cost you’ve learned of since then?

**Mayor:** I’ll let people speaker to how they put in into budgets, but I’m trying to – I’m trying to – let fin – jump in but I want to finish on what the big drivers are because I think it’s probably on a lot of people’s minds, what drove that increase. But fin – speak to this just because I don’t want to lose this question of how it shows in the budget.

**Director Hartzog:** No this is just, I think, what you were saying that it’s actually reflected in increases in the overall budget. The Mayor’s talking about what’s driving the overall growth, right? In our budget overall, in 19, and it is those major areas. Labor is a big piece of that, and it’s related to the settlement that happened multiple years, as we’ve talked about. Many labor agreements were not settled when we came into the administration. And the costs are right over time – over the last couple fiscal years. That’s the biggest driver.

**Mayor:** But I think your question is – which I’m not sure I understand. I think it has been reflected year after year. What are you suggesting?

**Question:** Well we’re talking about new costs since the –

**Director Hartzog:** What’s been added?

**Question:** If this from labor agreements signed years ago why is it only being reflected now. You knew –

**Mayor:** It’s not –

**Director Hartzog:** Oh it’s not reflected now. It’s reflected over multiple years.

**Mayor:** Right.

**Director Hartzog:** And those costs are increasing over multiple years as the percentages are increasing, there’s lump sum payments for the teachers that are also included. So those costs are increasing each year.



**Mayor:** Yes. We'll go after this. It has been shown on a constant basis year after year including projecting forward, although some of these expenses do go up for a variety of reasons. But no, that's the first one.

And then the debt service which is something that changes with new capital commitments, so that does change year to year because we make additional capital decisions, this is one I want to say, again this gets back to Dave's question, we made a conscious decision to lean into capital. Why? Because so many of the challenges people were facing required capital spending: affordable housings, obviously our plan is the biggest ever, new school seats, huge need all over the city, repaving, desperate need in a lot of places. These were all big, big capital expenses. As we added the debt service went up. That has an expense side – a big expense side impact. That was an eyes wide open decision that if that caused the budget to grow without our means that was worthwhile.

Education is another good example. Obviously there's a lot more personnel. It's things that are well-known like pre-K but it's also things that are less well-known like special education. We have added substantially to our special education teaching corps and support staff. We've also done what I think is justice and helped special education parents to get faster and fairer outcomes in terms of what they needed for their kids that used to have to go to court to try and fight for. The City, unfortunately in my view, forced parents into a dynamic where they have to go to court and they often ended up with less than their kid needed, and that was a way for the City to save money. I wish I could say it was something more noble than that, but it wasn't. We have come to the conclusion that we should work with parents to try and get to a resolution, rarely go to court. That costs more money, but I think it's fair because kids get the special education service they need and the parents don't go through much – through so much challenge and struggle to get to them.

So, when you go sort of through the categories, there is a logic to each increase. It's real money, but we do think it's aligns to values and to what's effective. Go ahead.

**Question:** So –

**Mayor:** No, behind you. I'm sorry. I'll come right to you.

**Question:** Mr. Mayor were there any conscious decisions to make a cost increase due to the expected increases from Albany?

**Mayor:** I'd say two things. Remember that Albany resolved a few weeks ago. And again, we are not – we did not expect some of these things in the sense of particularly that education aid. A lot of you have watched the habits of Albany in an election year, very surprising that they went the other way on education aid. We – we're not naïve because we though given that raised the age had been such a high profile, passionate matter and that there'd been such an explicit discussion about unfunded mandates that we would fare better.

The subway action plan is something very particular. I think everyone knows what I felt about it. I think there was a better way, but what's done is done. Now we're, as you know, going to hold

the MTA accountable for that money and to prove to us it's in the lockbox and being used in New York City. So I think what is true is we did not anticipate some of the outcomes in Albany. Others we thought were possible but we weren't sure, so we weren't going to reflect that in the preliminary. We certainly never – we never ever in a preliminary budget want to project an outcome that we don't desire. Because we don't want to let the State or the federal government or anyone off the hook. We want to fight for the right outcome. So it's worse than we expected, and it's cautionary about the future that we have to guard against that particularly next year.

**Question:** And also just given your relationship with the Governor, is it a little optimistic to expect – regarding the NYCHA executive order that there is a chance for it to resolve this in a –

**Mayor:** I understand that – I understand that on its face but I would ask you to look a few layers down. Even though the Governor and I have disagreements we still talk regularly. I talked to him earlier in the week. We still attempt to reason together. And everyone – you know a lot of other people in both governments are talking all the time. I don't think he necessarily intended a massive unfunded mandate on New York City. I think he – I certainly don't think he intended to interfere with day to day operations of NYCHA. We need to have that conversation and work it through. But – because the last thing you'd want is to have the State issue an executive order that backfires for the people it's supposed to serve. I certainly don't think in the Governor's interest or the State's interest to have NYCHA become more dysfunctional. That's not what they're seeking. So it's fair to say hey we've got some problems here we have to resolve. The conversations have been respectful. I also think the fact the more and more people are speaking up is important. And there's a lot of attention on NYCHA, and this has been a period where a lot more of the public debate is about NYCHA which it wasn't for many years. So that raises the consequence levels. Go ahead.

**Question:** Staying on the subject.

**Mayor:** Yes.

**Question:** Do you see any chance of the City soon being able to get full, open-ended use of design build? Not just a limited basis but –

**Mayor:** It's a very important question. I will tell you that as strange as some of the things that have happened in Albany this year have been, there is a silver lining. I think you hit the nail on the head. We went from design build being almost an off limits discussion just a year ago or being talked about in small little increments to now it's here for the BQE, it's here for NYCHA, although we want to clarify that, we want to make that more general and consistent for NYCHA going forward. But still, there's something going on.

There's a lot more to do, but I think this has sort of been a crossover moment where now design build is in the front burner and a lot of times this is how changes gets made. Like there's a first breakthrough and then you can build out.

Look, the whole fallacy that labor has a problem with it is ridiculous. The unions here, including the Buildings Trades, have uniformly said in the city they support it, they've made that very clear

in Albany. So I'd like to believe particularly if we have a Democratic State Senate, which is a growing possibility, that next year will be the big year for breakthrough on design build. And that will save this City billions and will shave years off of some major projects.

Yes?

**Question:** On the NYCHA backlog, it's been an issue going back to the previous administration also, are you – do you believe the \$20 million you have in the budget is enough to deal with it finally this time? And can you do it without changing union rules, or are you guys planning to change union rules?

**Mayor:** I'm going to give you my best rendition, and if these guys want to add or if Alicia wants to send hand signals from the bench – steal second, something like that. The – we pegged the number to completing the backlog. And we believe this will get it done.

That being said, we also want to change the work rules. And we think that's in the interest of the residents. So, I would say those are two separate concepts. Under current conditions we believe this money will allow us to address the backlog but we would like to improve the work rules too.

Okay coming forward. Okay way over. Oh wait, I got you before. Hold on. Okay, Jillian.

**Question:** Mayor, can you walk us through some of the increases in spending for the Department of Homeless Services. Sort of just – can you – I know there was budget modifications for the current fiscal year –

**Mayor:** Yes.

**Question:** – there was \$150 million added in the preliminary budget. It looks like there's a significant add this year and in the out years. Can you walk us through –

**Mayor:** Absolutely.

**Question:** – going and how much it is?

**Mayor:** Yes, and by the way on the previous did you want to add anything? We all square on the NYCHA question? Okay. And I will start and you guys add as you wish. Okay. So let me go back to the plan a year ago because this frames everything. We announced a new approach to addressing homelessness. What's happened since then is somethings that tell us a lot about where we're going. One, the shelter population has remained essentially flat. That is the first time in about a decade that that has happened. That is a hopeful sign. Our goal is to turn the tide, as I've often said, this is a beginning of that. So that's something we feel is important.

At the same time – excuse me, at the same time the new approach required opening a lot more sheltering. You remember its 90, we're a little behind the schedule we wanted but we're not far behind. We think we'll be able to catch up. That is a substantial cost, and as with many other things the cost has grown. But it will eventually help us save money, because as we build out that

shelter capacity we will leave hotels more and more. And hotels really have been driving a lot of the cost increase.

Another factor has been the clusters which so many of you have rightfully criticized for years. We've been closing more and more. That's a really good thing in terms of standard of living, but guess what? Clusters are cheaper than hotels. So what's essentially happening is people coming out of the clusters, going into the hotels, that's raising the cost level.

Another thing which we're seeing and we're not 100 percent sure why yet, in the last year or so, more singles, more single adults coming into the system than we had seen proportionately previously. Very simple math there. They're essentially going into hotels. If you have three or four people in a family in a hotel room, you pay for one hotel room. If you have a single adult you pay for one hotel room. So you could have four single adults, you're paying for four hotel rooms. It just literally has increased cost because of a different make-up of the population.

But we think that the new plan is starting to take hold and that we will be able to make some major efforts to convert cluster buildings. And we talked about this – some of you were at the press conference related to eminent domain. We are very hopeful that one way or another some of those buildings will be converted to permanent affordable housing. Once there are permanent affordable housing they are no longer shelter, that's going to start to finally bring down our shelter number. And those costs will start to go down. We believe that this may – you know, we want to believe, based on what we've seen, this could be the last major increase in investments, and after that we start to finally see the reduction in shelter population and the reduction in cost.

**Question:** Can we just get a walkthrough of what the investment is?

**Mayor:** Sure.

**Director Hartzog:** Sure, just really quickly on the numbers – in '18, it's \$155 million; in '19, it's \$189 million. And I can give you more details in the technical briefing on that.

**Question:** \$189 million?

**Director Hartzog:** I'm sorry, I flipped that – in '19, it's \$159 –

**Mayor:** Thank you. Gloria?

**Question:** Mayor, could you just clarify for us on the savings. In February, you had said that you had a goal – it was \$900 million – you had a goal of finding an additional \$500 million, and I see those \$745 million –

**Mayor:** 54 – \$754 –

**Question:** \$754 – so, did you fall short of that goal? And could you just –

**Mayor:** No, I think quite the opposite. Who wants it?

**Director Hartzog:** The goal for the executive budget was a minimum of \$500 million in savings. So, that builds on top of what we had already achieved between adoption, up to the preliminary budget. So, the Mayor said, between the preliminary and executive budgets, at a minimum, achieving the \$500 million of savings, and we've actually achieved \$754 million. So, it's the reverse – we've actually achieved more. And since adoption, it's been about \$2.1 billion total savings.

**Mayor:** And just to put a point on that – total savings, money not spent. I understood the point Anna raised, but I still think from a taxpayer point of view, not spending money is not spending money, so it's money not spent.

**Question:** [Inaudible] the reserves are still – you're not going with [inaudible] as the Council had –

**Mayor:** No, and it's, again, a perfectly fair question, but I want to go back to what I just said, because we have costs that have grown but that we think are legitimate – the labor-related costs, the debt service cost, the homeless cost I just went over. Look, I don't think anyone in our lives or in any business ever has everything stay exactly according to the original plan. We all know there's going to be cost increases in different things. The question is, are we comfortable that they are appropriate and do we have revenue to back them? So, we are comfortable – we wish these costs were lower, obviously, but we think we're appropriately spending on the things we are and that we have the money to pay the bills, while keeping the reserves protected. There was a point earlier in the year where we were fearful certain conditions might lead us to have to dip into reserves. We're very happy that did not happen.

Go ahead, Erin.

**Question:** You had this \$500 million-plus hitch from Albany that you characterized. Can you explain a little more where you got that money from? You said the reserves – you said you did not dip in to the reserves, you did not make program cuts. So, is it all in new revenue?

**Mayor:** New revenue –

**Question:** Or where is that money from?

**Mayor:** No, it's new revenue. And we have it now, and as I said in the beginning, some of it is recurring, some of it is non-recurring, and we have to be very mindful of that fact, and we'll make year-to-year decisions accordingly. But yes, we got more new revenue than we expected. OMB, to their great credit is very conservative in their estimates, and they are not – they don't get bad surprises because they are conservative in their estimates. But also, a lot of it came together late. The federal tax bill, obviously, was not that long ago, and the ramifications of that had been playing out very recently, for example. The stock market – that was a very recent dynamic – that growth – including toward the end of the year. So, yeah, we got new revenue, we applied it, and we're going to be mindful about what it means and doesn't mean, going forward.

**Question:** So, you referred to tax law changes – is that from the federal tax bill? And if so, how is that – is that actually helping the City? It's actually giving the City money?

**Mayor:** So – yeah, the technical briefing – you can get into it in detail. But if I had to do the simple version, I would say, it's not the federal tax bill giving us a direct windfall because we accounted for that. Originally, we did not expect or want – we might have expected, but we did not want that revenue to play out that way. It is the combination of the federal tax legislation, and the effect of the 2008 repatriation legislation, which the former triggered the latter in a way that a bunch of money was repatriated and there was revenue off of that. I'm trying my best to break it down as cleanly as possible. You want to add any other definition? I know you'll do it in the technical, but do you want to add anything?

**Director Hartzog:** So, there were two changes. The first was in 2008 in the Obama administration, which was a repatriation for hedge fund managers. The second – and it had a timeline of those funds having to be repatriated by 2017. The second is the Trump tax policy that's also related to repatriation – that had to be done as well by 2017. Again, this is all money that was offshore, overseas coming back into the states. And so, the combination of those two things having to be done by 2017 is what the impact is – one-time windfall. That's it, that's what the Mayor's referring to.

**Mayor:** Okay, Marcia?

**Question:** So, Mr. Mayor, could you just go back to the Fair Fare and the request for a middle class property tax rebate. The City Council Speaker says that if you're committed to making New Yorker City the fairest city in the nation, that you would want to take into consideration the needs of the working poor, and also middle class property owners. I wonder what your response is to him saying that?

**Mayor:** I think it's a very fair definition and I respect Speaker Johnson a lot. We're working very closely and I think he's raising a very fair point, but I would say a couple of things. One, we're trying to do that across everything. We just did the fair student funding, that's going to help students who are middle class, working class, poor all over the city, and families all over the city – that's one example of becoming fairer. We have tried to address property tax needs, for example, of senior, low-income folks previously, working with the legislature. We're going to, most importantly, go at the heart of the property tax problem and have a commission, working closely with the Council to try and reform fundamentally the property tax to be more fair for everyone. So, I would argue the best way to address the property tax question is the fix the whole system. Everyone loves a rebate, but it doesn't fix the root cause, and most rebates are pretty small and then you never see them again. We want to get at the root cause.

On the Fair Fare, look, you know where I stand. I believe in the idea, I have said constantly I don't think it's the City's responsibility to pay for it, I think it's the MTA's responsibility. I think the millionaire's tax is the best way to pay for everything the MTA needs. Now, a millionaire's tax, as you have heard me say is a different discussion today. If someone wanted to say it would never happen under Republicans, well, we're potentially months away from a change in

leadership. So – but that being said, we’re going to talk to the Council. It’s a fair proposal, meaning it’s a legitimate, meaningful proposal and we’re going to talk to them and try and figure out between now and adoption what we’ll prioritize.

**Question:** Mr. Mayor, I know that you’ve said from the beginning when you first took office that you weren’t going to do the usual budget dance that past mayors have done, that you wanted to be straight and forward-moving, but it seems like you’re leaving the door open in the ongoing negotiations with the Council to the possibility of these two things. Would you say that’s fair? Or are you just closing the door completely?

**Mayor:** One, I’m not losing doors. But here’s the difference between this and the reality of that dance we talked about in the past. In the past, everyone knew exactly what was going to happen and they just tried to act like they didn’t. I can say, looking you right in the eye, we don’t know what the outcome is going to be. The Council has a very long list of interests. By the way, if you look at their response, it’s a very substantial list – a lot of good things, well beyond what we could possibly afford. We’re going to have to think with them about what makes sense – nothing is predetermined. So, I’ll talk to them about anything, but I’ve got to feel it’s in the long-term interest of the City, I’ve got to feel it’s fiscally responsible. We have to think about some of the ramifications – if you do something on Fair Fare, what is the ramification for our relationship with the MTA and the State, which has become, I think, a little unfair lately. We’ve got to think about what it means. And I just want to connect it to, you know, the controversy this week where Speaker Johnson and I asked Chairman Lhota to simply provide an accounting of how our money is being used, and we’re getting a kind of surly response. I don’t understand that. We’re giving them money, we want to make sure it’s being used in New York City, we want to make sure it’s in a lockbox, we want to make sure it’s actually working. I would think the answer would be, thank you for your donation and of course we will give you that kind of accountability. So, you’ll understand that I want to be cautious about anything involving funding for the MTA.

**Question:** Mr. Mayor, are you hoping that the Democrats – once the Democrats, or if the Democrats take control of the Senate after November, that you might get the millionaire’s tax, which would give you the funding for a Fair Fare, or something like that. Are you holding out that possibility?

**Mayor:** Absolutely. Nothing’s been discussed or concluded, but do I think that’s a very real possibility and needs to be considered? Absolutely. Look, everyone said things were going to hinge on these two races on Tuesday. We’ll they broke the Democrats away. I know there’s still the outstanding question around Senator Felder, but we know that could change at any time – it’s one individual. And then, there’s elections in November. We’re six months away from what looks like a wave year. You and I have seen years that are wave years. This looks like a wave year by any definition. So, let’s say you have a Democratic State Senate, and now they’re looking at – they have to figure out a way to fund the MTA long-term, they have to. There’s only a few options on the table. I would argue a millionaire’s tax might be one of the ones that people consider the fairest and has the most popular support. April, I think it was – Quinnipiac Poll had 70 percent-plus support. How many things do you know that have 70 percent support in this

town? So, I think it's a live option. But that being said, we're going to have a very respectful conversation with the Council and we're going to certainly look at a number of options.

We'll do a few more on the budget and then we will close down. Way back –

**Question:** Mayor, in terms of budget accountability, the Council called for [inaudible] appropriation. Does this budget reflect those? Have you added more transparency for the budget –

**Mayor:** We're going to work with the Council. We have, over the years, been adding. We're open to adding more. That's an ongoing discussion, which we've had again today with the Council. Stay tuned.

Yes, Anna?

**Question:** Would you comfortable if by the time you've left office the budget cracked \$100 billion?

**Mayor:** I don't do hypotheticals. I would be comfortable only in this way with whatever transpires – I want to leave the City better than I found it. I want to make sure we're in a fiscally strong position. And when it comes to reserves, I've cornered that market already. You know, we have the highest reserves we've ever had. We're going to really protect our reserves. I want to make sure we're safer, our schools are better, our job growth continues. That's what I'm going to measure by. So, I'm not going to worry right now about a theoretical number, it's about the results.

**Question:** Mayor, the one in four figure is since adoption or since preliminary? And what is the total dollar amount for new City spending?

**Mayor:** It's one in four City – new City dollars, specifically.

**Question:** Since prelim?

**Mayor:** Since prelim –

**Question:** And what's the total value – the \$1.5 billion that the office said –

**Mayor:** Well, the State impact was just around half-a-billion, so the total we're talking about is about \$2 billion. I did – I paid attention in math class.

Go ahead –

**Question:** Mr. Mayor, I didn't mention anything – I didn't hear anything mentioned about the BQX in the budget. I believe you had said that we would have an update on that by this point. So, is that in there? Is it further delayed?



**Mayor:** So, I'm going to use my favorite phrase, soon, which always means something. It's coming soon. We're doing a lot of work on it. I'm excited about what is happening and we're going to have a big update for you, we just did not include it in this budget right now.

Last one –

**Question:** A couple of these issues that you're citing as stressful to the City budget – the MTA cost shifts and the NYCHA executive order – top City officials, City-wide officials have been in favor of those and perhaps helped convinced Governor Cuomo to do both of them. Are you frustrated that the City hasn't had a united front on some of these issues that impact the City budget?

**Mayor:** I think people acted out of a genuine desire to address the problem and they really wanted the State funding, and I certainly understand that, because we – I gave you the figures, check them for yourself. We've essentially – for all intents and purposes, we've gotten no State funding for the last four years. And I understand why people see upwards of a half-billion dollars and they really want to get their hands on it, that's natural. And I understand people's frustrations with a situation that has been growing worse since Ronald Reagan got elected. I think what's happening now is a lot of people are reading the fine print and they don't like what they see. And the fine print comes with a lot of ramifications they did not expect and they did not buy into and that were not explained to them. One thing that unites all City leaders is we don't like unfunded mandates, and now we're looking at one. So, I think people are thinking again now, and they're going to make their voices heard to get the changes we need so it's fairer to the City and to the residents of NYCHA.

Thanks, everyone.

###