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**TRANSCRIPT: MAYOR DE BLASIO, SPEAKER JOHNSON REACH EARLY
HANDSHAKE AGREEMENT FOR BALANCED FY19 BUDGET**

Mayor Bill de Blasio: Good – is it evening? Good evening, everybody.

Audience: Good evening.

Mayor: Well, it is an honor to be here with all my colleagues in government for this very important announcement. I want to thank Speaker Johnson who I will introduce in a moment but I want to thank him for the partnership, the hard work, the fantastic dialogue over these last months on our first budget together. And I think it has turned out to be a really great one. So, let's – thank you, Speaker, for all you have done.

[Applause]

The protocol has been violated. We got to shut it down.

[Laughter]

Shut down the press conference.

[Laughter]

Alright, we'll do that over in a moment. To all the members of the Council, thank you so much to everyone. I appreciate the hard work over these last months and the strong advocacy for your communities. I want to thank the City Council finance staff for their hard work as well.

[Applause]

And a thank you, of course, to a man who used to have something to do with the budget, First Deputy Mayor Dean Fuleihan. Thank you for your leadership.

[Applause]

And congratulating her on her first budget as OMB Director, Melanie Hartzog. Congratulations.

[Applause]

And to your wonderful staff, the hard working folks at OMB, we thank them all for their great effort.

[Applause]

So, the adopted budget for Fiscal 2019 will be \$89.2 billion and this budget focuses on the central goal of this administration, I know it is shared by the Council, to make this the fairest big city in America. There's a lot in this budget that achieves that goal and helps us forward. You're going to hear – after I give a few introductory remarks – I'll turn to the Speaker and following him will be the Chair of the Council Finance Committee, Chair Danny Dromm. And then we will take questions and I know I will be ably assisted by Melanie Hartzog as we take some of those questions, all of us together.

Look, I'm going to state something we have to remember each year, a budget is an expression of values and it's a roadmap for our future and I'm very proud of the relationship with this City Council and the values that are truly shared, deeply shared. That's part of why we've been able to do this work in such great partnership now in the fifth year.

This budget is profoundly responsible. It is balanced. It is progressive and it is early. Congratulations, everyone.

[Applause]

And it's against a backdrop where we saw some real challenges including the most severe budget cuts from Albany that we've seen at any point since 2011. That was a curveball we all had to deal with here but everyone did work together in unity to address that reality and make sure that we produced a good result for all 8.6 million New Yorkers.

Now, nothing works without sound fiscal management. I am someone who has said many times – a lot of good people came before us who wanted to do good in the world but forgot to be careful and smart about their budgets and the city paid a price.

What I've loved about working with this City Council is there's been a deep desire to get a lot done but also a real strong sense of the bottom line and this Council's been very focused, this year and in previous years, on adding to reserves and making sure the city was protected for the long run. That is a mark of real smart, thoughtful government. When people care deeply [inaudible] a lot of great programmatic potential and priorities but also say we've got to always mind the store, we've got to always protect the future.

And so I want to update you on the reserves which have now been added to again to reach a new historic level. The Capital Stabilization Reserve that was created in this administration will remain at \$250 million. And going into the adopted, the original plan was for \$1 billion for the

General Reserve but at the strong request of the City Council we are adding an additional \$125 million to the General Reserve. In addition, at the request of the Council, we are adding another \$100 million to the Retiree Health Benefit Trust Fund. That will now bring the trust fund to the highest level it's been at – \$4.35 billion to protect our retirees and their futures.

[Applause]

I'm going to highlight five things before I turn to my colleagues from the Council. And I'm going to talk about this whole budget process. Remember this has been really the last six months in earnest – the budget process for OMB starts, it's like the Macy's Parade, the budget process for the next year starts the day after this one is adopted.

But for most of us in elected offices, it's basically a six-month process. In the course of that six month's I'm really proud of what we've all done together. I don't want to steal Corey's thunder, the Council's thunder, the Speaker's thunder but I do want to say tremendous kudos to the Council and to the Speaker for the focus on Fair Fares which –

[Applause]

I believe that Speaker Johnson said the word Fair Fares to me –

[Laughter]

An unfair number of times.

[Laughter]

He was a picture – you were on message, Speaker. You were on message. And look, it's something from the very beginning. This idea has been out there several years. It's a profoundly good and moral idea. I have felt that from the beginning. The challenge was always how to make it work. Have to give a shoutout and a thanks to the Community Service Society for their extraordinary advocacy.

[Applause]

The beauty of this idea in terms of making this the fairest big city in America is going to help so many New Yorkers to reach opportunity. Too often it is out of reach because of just sheer lack of resources.

So, when you think about this Council that was undoubtedly the most passionate priority. It speaks volumes about all of these people and what they really care about and I think New Yorkers should be proud of that fact. So, I congratulate you all.

[Applause]

I will be very consistent with what I felt all along. We, while taking this action, remain focused on a much bigger playing field which is the future of the MTA. We need a sustainable funding source. We need renewable revenue. That is an important issue that has to be handled in Albany up ahead. I am continuing my strong advocacy for the millionaire's tax, continuing to believe that that can cover a lot of things going forward. But this was the right thing to do now to get this very good idea started and I want to thank the Council for that.

Now, we are going to work closely, the Council with my administration, to get this program up and running quickly. We'll initiate the process in the new fiscal year starting in a few weeks. It's a new program. It's a start up. It will take time to make it come together but we're very confident.

This money, I want to emphasize, will go directly to New Yorkers. We're not sending it through the MTA. We're going to work out a methodology to get it directed to New Yorkers to ensure it reaches those in need.

And again we'll take more in the future, I'm sure about it, but I already believe New Yorkers are paying their fair share and then some to the MTA but this is a great way to support our fellow New Yorkers directly. So, congratulations to the Council again.

[Applause]

Another item that the Council emphasized in its budget response that I thought was so important and such a high priority that we actually put it into our executive budget, was funding for Fair Student Funding to bring more fairness –

[Applause]

Getting every school, right away, to the 90 percent base level, making the citywide average 93 percent. Now, this is on a pathway to every school getting 100 percent Fair Student Funding in the next few years. This was a major step forward but I think we're all united that that is the goal to achieve and we need the State to fulfill its obligations under the Campaign for Fiscal Equity so we can get to that day in just a few years where every school has 100 percent Fair Student Funding. But this is a great step forward.

[Applause]

And the sheer magnitude, and again thanks to the Council for making this such a priority, 850 individual schools will benefit because of this action we're all taking together. So, congratulations.

Now, third of five – third, everyone knows this is the nearest and dearest to me, pre-K and 3-K. With real energy and support from the Council, we have added additional districts earlier to the 3-K program. We talked about that previously. And affirming, because of your great support, we are on track so that every school district in New York City will have 3-K by 2021. That's something we're going to do together.

[Applause]

Fourth, in terms of the Housing Authority, well, everyone knows the news of the day. We have made a huge amount of previous investment. And again everything has been done together. I mentioned earlier the \$3.7 billion in combined capital and expense funding over the last four years that began with the preliminary budget of 2014. I can tell you in so many conversations with the Council, NYCHA has been one of the top priorities all these last five years. Separate and apart from anything we talked about in today's announcement, this administration and this Council put a new – a brand new \$3.7 billion into NYCHA over the last four years.

Today's announcement adds to it. The settlement we reached with the U.S. Attorney will add an additional \$1 billion in capital over the next four years and shows very clearly that the City of New York is going to do everything in our power to help fix the challenges at NYCHA, to help provide for the 400,000 people who live in NYCHA. We want their lives to be safe and healthy.

This Council feels it, I feel it, and everyone is putting the investment behind those feelings and we look forward to the day where the State follows us and we hope that day is soon – the half-billion that the State is holding. We would like to have that released. We would like that design-build authority to help us speed along these projects and one day – and I believe that day can come – we look forward to the federal government investing once again in affordable housing and public housing, and we're all going to work for that together.

Finally, this one we talked about some months ago but it really bears repeating because it's so important to the future of this city and the improved relationship between our police and our community. And with great support from the Council, our plan for body cameras on all police officers by the end of this year – one year ahead of schedule. Thank you for your great support.

[Applause]

So, in conclusion, these are investments that will touch millions of lives and make a huge difference in this city and it came out of an atmosphere of partnership and collegiality. Two budgets in a row early – that speaks volumes in a world of other levels of government where maybe that's not the norm. Let's just put it that way. It's good to see what we're able to do here together and I think it really bodes well for the future of this city.

A few words in Spanish –

[Mayor de Blasio speaks in Spanish]

With that – and again a tremendous thank you to the Speaker for his leadership, his partnership. This has been a great process together. I'm not going to say, you know, you should elect more people from Massachusetts but I can say we speak – we do speak the same language. This was a wicked fast budget.

[Laughter]

Well done. Well done, Speaker. Now, out front here. Let's do this right.

[Applause]

[Mayor de Blasio and Speaker Johnson shake hands]

[...]

Mayor: Alright, it's a lively presentation. So we are ready for questions on this budget announcement. Questions on the budget –

Question: Mayor, you've said for a long time that you didn't think it was appropriate for city money to go towards Fair Fares. Can you just, [inaudible] change your mind?

Mayor: Yes it's always been a good idea. It's always been a morally strong idea. It's always been ultimately the right thing to do. Council, obviously for them it was a passionate priority. That matters every year. Now it's the fifth time I've been here at this gathering and I say what the priorities of the Council are matter deeply in the final outcome. And this was a particularly strong priority. We had common ground on the goal of an ultimate renewable source of funding for the MTA and again this is something that could one day be part of that funding stream. But I thought the notion that this was good, it was fair, it was something we could get started now while working in the future – all made sense. We obviously had some revenue come in that helped but all things considered it's part of the democratic process. I heard how much it was a priority for the Council and we found a way to do it that I thought made sense. Okay over here, yes?

Question: On the same issue because the problem that you presented was essentially a lack of funds and this could be you know a program that goes far in the future but not only did you fund this, you found funds for reserves and where did all this money suddenly materialize from?

Mayor: It's not sudden, it's been building. I mean look the economy of the city is very strong, thank God. And some of it is intrinsic, we've talked about recently for an example we are at an all-time high for jobs in this city. We see a lot revenue coming in from a number of sources, that's crucial. I really want to thank the Council again. One of the things they prioritized despite that strong picture was even more for reserves. And they didn't say oh, it's the good times let's spend everything. They said it's the good times, let's do some serious saving and I think that's crucial but we had some resources to work with. Now as we caution back at the time of the exec, some of those resources are one time only because of specific realities in the federal tax legislation and previous legislation on repatriation. That lead us certainly to a focus on making sure we were prepaying as much for next year as possible and it certainly made it easier to put more into reserves as well. But when it comes down to it, I thought the Fair Fare proposal was smart, it was fair. We are going to start with this money. We are going to try to reach as many people this year, again any money – if we turn out to not spend all of it, we will forward it to next year – so that money would help pay for the following year as well. But it just came down to the confluence of a strong situation overall and the high priority the Council put on it.

Question: [Inaudible] because as recently as April you were saying essentially it's a good idea, that you agree with it, but we just don't have the money.

Mayor: Right.

Question: It's only been [inaudible] two months –

Mayor: Look, just look at the numbers. The numbers add up and that's the bottom line. Every budget process is in real time and the numbers add up. Yes?

Question: This is really more a question for the Speaker. You know in terms of Fair Fares being funded for one year only, talk a lot about budget dance and what not, are you concerned about this being a problem in the future or something that we are repeatedly discussing –

City Council Speaker Corey Johnson: It's not being funded for one year only. There is a commitment from the Mayor and the Council to as the Mayor just said, we are budgeting for the implementation is January 1st, we are budgeting \$106 million because that's half the fiscal year. We don't believe that we are going to spend \$106 million from January to July but we thought it was important to make a statement on the eligibility and breadth of the program. As the Mayor said if we spend \$50 million and there's \$56 million left over, that will get forwarded to the next year and then next year during the budget process we will look at the data, we will look at the sign ups, we will look at the uptick, and people who are taking advantage of the program to help them and their families and we will continue to budget based off of growth. So ultimately could this program grow to \$212 million? Yes one day it could but we are going to budget appropriately each year based on the information that we have. So this is not a one time commitment but we are leaving also some flexibility in so far as if we get a millionaire's tax or something along the lines of congestion pricing that works for the city or another revenue stream. We would love for help in paying for Fair Fares but Fair Fares is not contingent upon that but we would love to tap some of that. And this is going to be looked at as an ongoing program, not just a one year program.

Mayor: What he said.

[Laughter]

Mayor: Gloria?

Question: [Inaudible] technical question on how the Fair Fares program is going to be administered, who's going to, how are people going to sign up? Is this going to go –

Mayor: You are way ahead of us, way ahead of us. I can only give you the broad strokes and then our team, and Melany, and everyone will follow up with you – it's direct funding to New Yorkers, the money is not going to the MTA. We have a variety of measures of folks who need this support in ways to deliver it. That's what all need to get to work putting together now. So OMB will be involved, the Council will be involved, we are going to work out which agencies or agencies will be in the front line of implementation. But as the Speaker said that's what we are

going to work on now for the next six months preparing to make this launch January 1st. And I'm confident we can work out the details in that time frame. Yes.

Question: Your first budget was \$75 billion, this one is \$89 billion. It's an increase on 19 percent. What do you say to New Yorkers and tax payers who are, and also head count continues to grow, salaries keep going up. What do you say to New Yorkers who are anxious that there seems to be this expedient growth well above inflation etcetera?

Mayor: I'll let OMB do the comparisons to inflation and other analysis – I will speak to the bigger picture. What we achieved over five years now with these budgets, it's an investment model. It's a strategic investment concept. And I want to give the Council a lot of credit. They have been very focused for an example on investments in public safety. That is directly causal to the fact that we have the safest big city in America. That crime has gone down four years in a row. That relationship between police and community is greatly improved. That took money to achieve those goals. That was some of the best money we ever spent. Working together we have Pre-K for All, we are well on the way to 3-K For All. Working together we have created an economic circumstance where we have the highest number of jobs we have ever had and growing. All of these things happen for a reason. If you have a safe city, a city with improving public schools, a city that the quality of life continues to be addressed positively – it creates a strong economic environment. It improves jobs, improves revenue. It also creates fairness. And I believe fairness is not only a moral value, I believe fairness is going to be one of the things that determines our future. People of all backgrounds, people of all abilities, talented people, entrepreneurs, everyone wants to live in a place they feel is fair – they feel is just, they feel included. And New York City is at the cutting edge of that now in this country and globally. So I think these were very smart investments, at the same time we have had historic reserves and we've made sure that the things we're investing in are proving themselves and those head count additions are a great question. I feel great about the head count additions in terms of police, pre-K, special education, very comfortable we're getting what we expected from those investments. Yes?

Question: Do you know how much roughly tenant costs put together the property tax commission? When are they going to get to work? And why wasn't the \$400 property tax rebate in –

Mayor: So three questions, the cost of running the commission. I don't have an exact cost, we'll develop that in the coming weeks. That's going to be a modest cost. The – getting to work, they're going to get to work quickly. As the Speaker said, there is going to be a series of hearings around the city. There has been an absolutely a collaborative effort. Everybody on that commission was chosen in common. This work is going to happen in common. We all feel frustrations with the current system; we want to see major reform. So, you should expect their work to start quickly but we'll get a more formal schedule together soon. On the question of the rebate, I'll speak for myself. We had a huge number of priorities we had to address. We had the importance of adding to reserves. In the final analysis we had to make choices. I think the more fundamental need for property tax payers and for homeowners like myself is not a onetime one shot answer, it is a structural answer. We need to reform our property tax system, that's where

our energy will go. Okay, going from this side over to this side. Let me see anyone hasn't gone on this side, this side, yes?

Question: The NYCHA consent decree obviously costs a lot of money today. Does that have any effect on the budget? Do you have to change anything up in the last minute?

Mayor: Not in the last minute, because we've been in constant conversation about the situation. It will be reflected in the fiscal 19' budget and beyond. Go ahead.

Question: I just want to follow up on that, how will it be reflected in the fiscal 19' budget?

Mayor: It will literally be a line in the budget.

Question: I mean, will it be only in capital? Or is there anything that might increase the 89.5 to something higher?

Mayor: The plan with the U.S. Attorney to consent decree speaks specifically about capital funding. That's where we expect to see the reflection in this adopted budget. That's what's explicit in the agreement.

Question: [Inaudible] question for both of you. What was the argument that in your mind got this agreement together on Fair Fares – that Corey gave to you?

Mayor: I think it was a good back and forth. It's a funny – it's a perfectly fair question. But it's a funny argument when you both agree on the goal. So it's not like the Speaker came in one day and said we should have Fair Fares to help struggling people get to work and get to job interviews, and I'm like no I don't want them to have job interviews. No, we all agreed from the beginning. This was a good policy. The question was how to pay for it. I think crucial to the discussion was a recognition exactly what the Speaker said. One, our respectful attitude towards the MTA is that we gave them a one shot investment and that's it. That this was not going to take form of subsidy for the MTA. That the MTA situation – and I think Mr. Byford's report points it out even more strongly. It needs a structural solution that only Albany can provide. We're going to work for that. I am hopeful as my certainly original vision along with Senator Gianaris and Assemblyman O'Donnell. We all wanted to see a Millionaires Tax that included Fair Fares. That some kind of model like that might ultimately win the day which would be ideal for everyone and free up resources for other important needs. All of those pieces contributed, and I think also a very practical conversation about how it would play out over several years to full implementation where I thought it was just reasonable on both sides about creating something workable. So it was a very good process. Yes?

Question: Question for the Speaker. Is there anything the City Council gave up [inaudible] to fund Fair Fares?

Speaker Corey Johnson: I mean, I would say everything was a negotiation, and it was a good faith negotiation. The Mayor and I spoke about what was included in the executive budget, and there was a lot of spending on things that we know are important for running this city. But we

knot things that we highlighted in our budget response. But the one very big thing which we stood in this very [inaudible] and celebrated together was the very significant increase in fair student funding, and we're really grateful about that. The property tax rebate didn't make it, but the conversation that the Mayor and I had, and that was a respectful conversation about a property tax commission that would have funding that would go out and come out with real recommendations from a blue chip set of people who really have experience and are well respected in their fields. So even though we wanted to provide some temporary relief we were able to compromise and say that the work will continue throughout this year and hopefully we'll be able to bring a product to the state legislature in next year's legislative session with some recommendations on fixing the property tax rebate. There was minor stuff that the Mayor, and I went back and forth on – normal stuff agency by agency, things that were important to the members here, increases on some youth programs that have been important to the council, some education programs, cultural and libraries, and public health programs. And that was, that wasn't stuff that got us stuck. We continued to talk through it. We had a back and forth with our staff on the details.

Mayor: [Inaudible] compromise.

Speaker Johnson: Yeah, and we compromised actually on many, many of those things. The Council didn't get exactly what it wanted but the administration worked with us in a reasonable way to fund it in a way that would make sense. So everything was a real give and take throughout.

Unknown: We've got time for two more folks.

Mayor: Two more, I see two more.

Question: There was a lot of criticism from the Council during the hearing process about the large increase in homeless shelter spending. Is that addressed in here at all, is that fully funded as it was in the executive, or was any kind of changes made [inaudible]?

Mayor: Look, there is a lot of common ground on addressing the challenge. We have to fund the immediate needs, but the Speaker and a lot of members of the Council have said what can we do to make sure this money is being spent most effectively and change the overall trajectory which is our goal too. So what I've said is I expect by this point next year we're going to be in a very different situation if our plans continue apace and we're going to be able to start some real reductions in shelter population, and that's the number one way to reduce costs. Look, in a strange good news with a twist we just announced that the Home-Stat initiative is bringing more people off the street, more street homeless folks into shelter, and ultimately to permanent housing than we've ever seen before. The number is now about 1,800 people in the last two years. That's fantastic for reducing street homelessness. It does cause a short term bump in shelter population. But overtime we really believe that number is going to come down on the shelter side and reduce the costs and we will work collegially with the council looking for every efficiency we can in that area. But we as part of this budget, we're making sure these expenses are covered.

Speaker Johnson: I just want to say one thing.

Mayor: Please.

Speaker Johnson: We didn't – the Mayor and I didn't highlight this and what we discussed today. But it will be reflected and another thing we really partnered on together was increasing the amount of supportive housing for folks that need those types of services and so we're increasing from 500 units to 700 units a year within an additional capital investment and expense side investment to create more supportive housing units which we believe is going to help on this homelessness crisis that the city faces.

Mayor: Okay, last call.

Question: Since it's a budget press conference, who paid for the flowers?

Speaker Johnson: Majority leader.

Mayor: Did you?

Councilmember Laurie Cumbo: I'll get you some.

Mayor: Alright, thanks everyone.

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