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**TRANSCRIPT: MAYOR DE BLASIO DELIVERS REMARKS AT THE NEW YORK
STATE FINANCIAL CONTROL BOARD ANNUAL MEETING**

Mayor Bill de Blasio: Thank you very much, Mr. Chairman. I appreciate it. And I'm going to just do some brief formal remarks, but I'd like to [inaudible] reflection on your [inaudible]. I think it's really valuable to recount the history. A lot of us grew up with that history and we are deeply mindful of it and it's, in fact, framed a lot of decisions that we've made. So, I'm always going to encourage people to know their history, but also the study of history teaches you what is the same and what is different. There's no question in the 1960s, 1970s, this city was not well managed fiscally. There's no question that we were declining economically on a foundational level and for structural reasons, not because of a global pandemic for much deeper reasons. And I think we are all grateful for the actions taken in the 1970s by the State, by members of the private sector, labor, everyone working together.

But I think it's very important to note the history as you discussed it, that the crucial year in 1986, when those previous obligations were addressed and we started to move forward. And I give my colleague predecessor mayors credit. I think one after another people focused on fiscal discipline and making sure we did have the best and most advanced practices. And this city has been, I think, in so many ways, a great example of City government doing things the right way fiscally and being rewarded in the markets for that including last year when our bond rating was upgraded by one of the agencies. There's a good history from the 1980s on of the city learning the lessons of the 60s and the 70s. But again, you think about that watershed year, 1986, that was only 34 years ago. So, I don't want us to overstate the parallel. We have huge challenges, no one is doubting it, but this city also weighed in huge reserves. That's part of why we were able to move forward in this circumstance. We've made a lot of tough decisions on savings. We're going to make a lot more.

We've made very clear that we're ready to take extensive actions and not easy or popular actions if needed. So, I do appreciate the history because as I think you'll see in my presentation, we have very deeply accounted for a number of these concerns. And I think it would just be a mistake to think this is anything like the New York City of the 60s or 70s or even 80s. We are, today, a tremendous global economic capital. And even though we've been obviously deeply thrown for a loop like so many other places, as recently as February, we had 4.6 million jobs – the most we've had in our history. So, I do appreciate the points you made, Mr. Chair, but I will also say, I think there's a lot of reason to be optimistic about New York City's future because of just plain structural improvement that has happened over decades. And I think we can all work together to keep deepening that.

But now, I'll just turn quickly to the formal remarks. I want to thank you Mr. Chairman both for your role in this board, but we also, all – our team works with you daily on so many matters. Thank you for your collegial work that we have done together. I want to thank all the members of the board, of course, both comptrollers. And I want to welcome Mr. Cohen and Secretary of State Rosado and, a colleague that I've known for a long time Bill Thompson. We share a great first name. I just want to thank all of you and look forward to working with all of you as we work through this.

So, yes, this is where – I want to pick up on one of the points the Chair made. This is unquestionably, the worst economic crisis since the Great Depression, but nonetheless, we presented on time budget and a balanced budget and a greatly reduced budget on time in June for Fiscal Year '21. That budget is \$88.2 billion. I want to thank all my colleagues, including two who are here, First Deputy Mayor Dean Fuleihan and Budget Director Melanie Hartzog and their teams that made this happen. And we worked very closely with the City Council in partnership to do that.

So, we understand that we have a tough road ahead and we understand that there's uncertainty. And the way back – I do believe that history teaches us there will always be a way back for New York City, certainly for New York State, but it will be gradual. Before, as I said, we couldn't have had a stronger economic situation in every sense. And the reason that we did increase that budget over time was because we had the revenue and we did increase our public workforce because there was important work to be done. And I believe fundamentally that work built our economy further, the investments in public safety investments in the education, the investments in building our economic sector, particularly things like our new and growing tech sector over the last decade or two. Those investments were correct in my view. And as of February, no one would have doubted the strength of our economy. But we have work to do and we are ready to do very bold things to address that which confronts us.

We had built up extraordinary reserves, over \$6 billion. We have drawn on those reserves, but we still remain focused on what allowed us to balance each and every budget and that was an obsessive focus on savings. We were doing that even when our revenue position was very strong. So, we're constantly looking for savings and efficiencies in our agencies. One thing I give OMB, a lot of credit for – the City OMB – is constantly focusing also on responsible conservative revenue estimates and those have been holding. Since the beginning of the pandemic, we anticipate a tax revenue loss between Fiscal '20 and Fiscal '21 of \$9 billion. We believe that figure is accurate at this time – a huge hit but one we are addressing.

At the time we presented the executive budget in April that appeared to be a \$7.4 billion loss, but it did increase by \$1.6 billion by the time we got to June. Now, again, we want to believe the worst of the damage is over. We have seen some improvement of late. But on a human level and the level of what New York City residents are experiencing, in March and April alone, 920,000 people lost their jobs and some of our sectors were particularly hard hit – hospitality, food services. There are some obvious areas that really took a hard hit, that's going to take real time to bring back. But if you look at the June job data, we see some good news. No one's overstating it, but some good news. The city recovering 14 percent of the jobs lost since April.

And we are heartened by the fact that our recovery is moving. We moved through phases one through four on time, working closely with the State. Clearly the health care situation in New York City over the last two months has been holding at a very positive level. And we do see more and more economic activity, more and more people riding mass transit, things that do give us hope.

We understand that our job in this budget is to focus on health and safety first. So, whatever [inaudible] choices we have to make, that will be our key focus and that we have to maintain fiscal responsibility and a balanced budget, no matter what. Now, clearly every one of us is watching, with great concern, what's happening in Washington as we speak. We received \$2 billion in earlier stimulus actions but that is far from enough. We, the City, the State [inaudible] country all need a real stimulus, actual stimulus that lives up to the word stimulus, not just makeshift, not just something hand to mouth, but something that helps us move forward. I know Governor Cuomo feels this deeply. I know he's been fighting for it intensely. We do not know what's going to happen these next few days. Especially because we are unclear about what will happen with stimulus, I reiterate why it is so important for the State Legislature and the Governor to grant us long term borrowing authority.

We can determine together the level that makes sense. We are only interested in the amount of borrowing necessary to help us keep going as a city as we build back. The great parallel, 2001, after the horrible attack on this city, the Legislature unanimously determined to give New York City \$2.5 billion in borrowing authority. No strings attached. Absolutely a collegial act. And that act was respected by the City. And I give my predecessors Mayors Giuliani and Bloomberg credit. That money was handled very responsibly and carefully. \$2 billion was borrowed. It has been repaid. We think there's good precedents there for just figuring out what it needs, what we need to do what I think we all agree would be common sense. To avoid large scale layoffs in this city.

I've been very clear that if we do not get support from Washington or Albany, we are prepared, I am prepared, to move forward layoffs that could amount to the loss of 22,000 City employees. There's no one in this meeting that wants to see that happen. Horrible for the folks who have worked so hard to get us through this pandemic, horrible for their families, horrible for our economy. It should not happen. It does not need to happen. But if it – if we have no other choice, Washington won't help us, if there is not appropriate borrowing authority from Albany, if we cannot come to appropriate plans with the labor community, that's what we would do.

I truly want to believe, Mr. Chair, that any and all of those solutions are readily available. We've had very productive talks with the labor community, very serious talks over weeks and weeks. I'm going to take the optimistic view that we're going to find our way forward together. But nonetheless, with all these challenges, again, we did balance our budget. In that process, we focused on the health and safety. In that focus, we focused on the community – in that process, we focused on communities hardest hit by the coronavirus, communities of color that experienced tremendous disparities. We focused on police reform. We achieved a lot working with the City Council. We moved a billion dollars between expense and capital funds, a billion plus I should say, into youth programs, into community needs while keeping a focus on the patrol strengths we need to keep the city safe. We invested in young people, in helping them

through this extraordinarily difficult time. We invested in public housing and recreation opportunities, community centers, and public housing. These are things that are going to help us get through this crisis in terms of health care, in terms of safety. But we did that by moving money appropriately from one agency to another, not by adding.

So, the key going forward and I'll conclude in just a moment, is to focus on savings and efficiencies. This is something we've been doing constantly, excuse me. And over the last two years, \$6 billion in savings programs achieved. Big focus in particular on health care savings. And I think we all agree, this is an area where all governments need to focus. We work cooperatively with the labor community to achieve major, major health care savings. But what I think we have to focus on going forward, besides the most obvious, which is balanced budgets and fiscal responsibilities, we've got a focus on the health of New Yorkers, the safety of New Yorkers, keeping a roof over their head and keeping food on their table. We are down to the basics right now. And we will not in any way skimp when it comes to saving lives. We had to add a huge amount of medical personnel during the crisis. Those were the right investments to make. We've had to provide food and now over a hundred million meals for free to New Yorkers in need. That was the right investment to make. We had to get medical equipment and PPEs. That was the right investment to make.

And thank God years earlier, we made an investment to the point, Mr. Chairman about why the growth of the budget in the good years made sense. We invested in our Health + Hospitals Corporation, 11 hospitals, 70 clinics. Because we stabilized the budget of the Health + Hospitals Corporation, made it stronger, allowed it to modernize and greatly improve its capacity, we were able to bear the brunt of the coronavirus crisis as the epicenter of the nation. And I assure you those Health + Hospitals facilities were amongst the very hardest hit in New York City, representing those communities of color that suffered so much. And those hospitals held because of the investments that have been made.

We are also going to spare no expense when it comes to test and trace. Something we've been working on very productively with the State. To build the ability constantly to have all the tests and trace capacity needed to contain this disease. Today, I was happy to report to people in New York City, only a one percent infection rate. We are testing people at a higher level than ever since this crisis began. Capacity to now test up to 50,000 New Yorkers a day, but we're consistently getting a one percent or two percent rate each day. That's a very favorable sign for our future. We have invested in testing and in the test and trace follow up to keep the infection level low. And it clearly is working. We've been at that level of under three percent infection level for now fully two months.

We are committed to keeping a roof over peoples' heads. We're doing all we can with landlord tenant mediation, with legal services, to keep people from losing their homes. We are committed to keeping small businesses alive, to get through to next year when, thank God, we do believe there'll be a vaccine and the turning of the page. Grants, loans, and a whole host of other forms of support for small business. We're committed to helping the most vulnerable New Yorkers. Protecting those who happen to be homeless and making sure they're in safe facilities. And I wish we did not have the hunger problem we face, but we do. And it's profound and I've made a clear commitment to all New Yorkers. No New Yorker will go hungry. And any family that

needs food, it will be available free. And that's one of the things that's helping the City to fight through this crisis and begin to see some of the comeback we now are experiencing.

So, to conclude, we are committed to these principles. We're convinced that we can achieve these imperatives, keeping people safe, keeping them healthy, keeping them fed, keeping them housed, no matter what is thrown at us. If we get federal support, it will be immeasurably more straight forward and easier. And if we get support from the State to help us bridge, it will be much easier. If we get cooperation from our labor community, which we do expect, it will be much easier. But whatever is thrown at us, I will make the decisions necessary to keep a balanced budget. And this city will weather the storm. We weathered the Great Depression and World War II. We weathered all the economic decline and loss of population of the 60s and 70s. We weathered the Great Recession. We weathered 9/11. We weathered Hurricane Sandy, our worst natural disaster in our history. New York City always comes back. So, the history you raised, Mr. Chair, again, appreciated and in so many ways important to reflect on. But I want to have the most important coda, most important explanation point, New York City always comes back and always comes back stronger and it will happen again. So, I thank you for this opportunity to work together, to see that day come to fruition.

[...]

Mayor: Thank you, Mr. Chairman. First of all, I want to pick up on – I'm going to go in reverse order from the last comments. Mr. Cohen's point, first, I do want to note the fact that the city is now the place that people around the country are looking to and the State as well, obviously. Do want to give you credit, Mr. Chairman – you've been crucial [inaudible] and our teams have been really working constantly and well together with very much the same strategies. We should, while we're talking about very, very real challenges that we have to prepare for it, we should be proud of the fact that we've shown our mettle as a city, as a state, and now sustain these much lower infection rates, because that is really the key to everything. Everything, the very good real comments everyone's made, everything hinges on the health care situation. If you get the health care situation right, all things are possible. We don't get that right then the dire concerns and real concerns here become even worse. So, I think we've all put the horse before the cart. I want to thank you for that, Mr. Chairman.

And I think to Mr. Cohen's point about timing, I agree with him entirely. No one's resting on laurels, certainly in New York City. We are not assuming – I want to say this collegially because it's such a good point – no one is sitting around assuming the rosier picture. We've just spent five months in warfare here dealing with unimaginable challenges and every one of us who went through March and April, we could barely believe how quickly things moved. And it looked like it was going to get a lot worse and we were ready to deal with much, much worse circumstances.

So, I say that to say we're all sort of forged in battle here to assume any number of possibilities. And we do not think the timing is going to be easy and convenient, even though I share Mr. Cohen's optimism. No, the pieces may fit better or worse at any given point. We have to be ready for each. And from the City point of view, we'll make the tough choices. I mean, this is what I certainly signed up for. I didn't expect a pandemic, but I know I will have to make a series of choices and if they get tougher, they get tougher. I'm certainly ready for that.

Now to Mr. Summer's point, I think it's fair to say we have to – it's the biggest article of faith to me that we know nothing about the stimulus yet. I want to affirm that point. I have told my colleagues, there could be no stimulus. There could be a stimulus that has very little impact on New York City and New York State, the way it is written, or there could be a decent stimulus that helps us tide over. Or there could be a fair stimulus and adjusting [inaudible] such as the House of Representatives passed. But I don't think we should think of this as one bite of the apple because I'm not – and I'm not reading tea leaves or assuming anything here, but we have one opportunity now with the ongoing conversations in Washington. I think it's objective true to say, there may be a very different opportunity in January, February next year. We may have the same partisan alignment in the White House and the U. S. Senate. We may have one different, another different, both different, we don't know. But it is certainly conceivable that we will have a different reality as soon as January 20, which in the terms of everything we're talking about, getting through the Fiscal Year '21 is a very pertinent part of the equation. So uniting Mr. Cohen's point and Mr. Summer's point, I'm not sitting here assuming a thing, but I do want us to at least keep in mind how soon we may be dealing with a very different reality – and one that I think would be fair to say there's several scenarios where the respect for the needs of New York State and New York City could increase in very material ways.

I further want to say that we have been seeing something interesting and promising, and it's not something we're taking to the bank, but is important. As we took moves to help encourage economic activity, we'll see people responding. I do think there's a tremendous amount of pent up economic demand in New York City. I think there's a lot of money that would have flowed outside the city that right now is being used in the city. I think the example of outdoor dining, it's one small piece of a puzzle, but it's a very interesting one. We now project that about 80,000 jobs have been restored, including outdoor dining initiative. And it continues to grow. I say that because that's money that New Yorkers are spending now who do have the money to spend who might've spent it out of town on a normal summer.

Also crucial to remember, as many challenges as we face, unlike some cities in this country or some states, we have a very, very diverse economy. So, we have a large number of New Yorkers who continue to work and are working from home who, because of the nature of their jobs, tech, finance industry, many others, have been able to maintain their employment. We have a lot of companies that continue to do well. I don't have to tell anyone on this gathering that the finance sector is doing very well. So, we are not in a black and white situation here. There are vibrant parts of our economy still creating a wealth for people that's being spent in New York City. And that's something we need to harness in a very positive way.

On the point about recurring savings, Mr. Summer raised, we are absolutely focused on that reality. And that is about the structural changes we want to make, continue deepening of healthcare savings. The labor issue, your point about timing well-taken Mr. Summer, in fact, agencies are about to be instructed in the matter of the next few days about their exact savings target. And that will be extrapolated into what the number of layoffs will be. They are being timed so they can be actualized for October 1st and our team – First Mayor Fuleihan and Budget Director Hartzog will certainly brief you or anyone else who needs it on timeline. Because you're right, there are complexities, but we will match the requirements needed.

Again, I am hopeful and I believe we've had tremendous cooperation with the vast majority of labor unions throughout our administration. I think we will have it again. I think everyone's looking for solutions and speaking collegially, we did find great health care savings in the past through a responsible cooperative process. I believe we're going to find a number of options here well in advance of October 1st. But if for any reason that proves not to be true, we will have the ability, technically, and the will to move forward layoffs as much as I do not want to see that happen by definition.

Finally, on the City Comptroller's comments – I want to start with some very powerful common ground. I appreciate, deeply, the City Controller's strong embrace of the notion of asking those who have done very well to contribute a little more in this time of crisis. I don't think anyone here has missed what's happened in the stock market while everyday working people are suffering. While hundreds of thousands of people lost their jobs, the stock market continues to do very well. Those who are rich have literally become richer. And it is right to ask of them help and sacrifice in this moment. So, I do hope that there'll be a focus in Albany on greater taxation of the wealthy, even for a limited period of time to help us through this crisis. And I thank the City Comptroller for sharing that [inaudible].

I also want to affirm his point, that we are not looking to build back as we were before. We are looking to come back while simultaneously addressing inequities and disparities. We do not want to repeat what we had before. We won't allow it. In fact, what I've found, and this is part of why we did use the revenue we had to make investments to increase our workforce. I will defend to anyone why the investment in pre-K and 3-K was worth every single dollar and that disproportionately helped communities of color and working class and low-income [inaudible] and their children and took an economic burden off of them. I will defend any time anywhere the investments we made in public health to strengthen our health care system, Health + Hospitals.

We did not know what pandemic was coming, but in fact, to the Comptroller's point, we have had a strategy of redistribution, which now amounts to tens of billions of dollars being moved from those who were doing better to working people, to communities of color, to our public workforce. And I think it has worked and it was working as recently as February on an unprecedented level. I believe it was the right thing to do. Now we will adjust intensely for the reality before us. To the Comptroller's point, I don't want there to be a misunderstanding about our history on savings or our devotion to further savings. We – and I want to give Melanie Hartzog a lot of credit here, a constant focus on savings. Yeah, I'm certain some savings historically, including in our time, has been one shot. There's also a lot of savings that has been recurring and structural and more to come because what OMB has proven under the leadership of Melanie Hartzog is the ability to constantly find the next efficiency and the next saving, including those things you pointed, rightfully, Mr. Comptroller.

The small things, the nagging things that should have been dealt with a long time ago, those all are in our sights, but much bigger things as well. And they must be recurring. And to Mr. Summer's point, the labor savings will be recurring. Unfortunately, the word layoff comes with a lot of finality and that is not just a Fiscal '21 savings. That is a Fiscal '22 and thereafter savings as well until such time as the situation changes. So, unquestionably we take seriously the need for recurrent savings. I would argue the previous investments were all about hastening and

deepening economic growth, which actually brought us back a lot of revenue because New York City was doing so well, it kept increasing our revenue position. But we're in a very, very different time now. And we will constantly demand more and more of our agencies.

Some savings, it's true, were conditional upon the coronavirus crisis, but I don't think anyone here doubts that if we couldn't have kids in school or couldn't mount summer youth programs, because it was physically impossible under the health conditions we knew at the time, that that wasn't appropriate savings. But no one mistakes that for the same thing as the kind of savings that we need, that need to be more constant. So, I think, although there's always going to be differences in interpretation, I think there's actually a lot of unity on the underlying points.

The last point I want to make, Mr. Chairman on the borrowing, I would argue to you that the central thrust here has been to say New York City managed to create its strongest economy ever. And with a workforce that was providing exceptional service to the people of the city. Our teachers, our first responders, our health care heroes, I don't have any complaint about what they've been achieving. The facts are there until all this hit, the city was getting safer, our kids were getting better educated, our health care system was strengthening. I'll defend any of those investments. When we went to Albany for borrowing some weeks ago, it was with the explicit need to not have to turn to layoffs, to not undercut all that progress, but more importantly, to not lose the chance for recovery and it was articulated to leadership in the Legislature, that our goal was to keep our public workforce strong so we could apply the services that would [inaudible] economic recovery.

We'll continue to work with people on the visions that they need to buy into and hear, that's very appropriate. We want transparency. We think we can do that together, but I am a big believer that a strong public workforce that provides strong services actually is prerequisite to economic recovery. It's an argument I've made to the House and Senate in Washington. I certainly make it to Albany as well. So, we look forward to working with everyone to figure out what that balance point is that will bring a sense of common purpose. But I assure you, if we have to move forward with layoffs, we will. Do I think that will hasten economic recovery? I do not. I think it's the other way around. I think we should all be working together to figure out how to keep this engine of New York City rebuilding every single day. Thank you, Mr. Chair.

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