



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

Mayor Bill de Blasio: Thank you very much, Mr. Chairman. Thank you to you and all of the board members. I want to thank you for the good work you do on behalf of our city and our State. I want to, at the outset, thank two partners who are indispensable in this work, Comptroller Tom DiNapoli and Comptroller Scott Stringer. Thank you to them and their staffs. And we've all been working in real partnership. A particular thanks to the private members, who give of themselves to be a part of this work. John Levin and Lawrence Golub, thank you so much. And the Acting Executive Director, Jeffrey Sommer, thank you for all you have done in my time as Mayor and before.

Since the last time we met, our Administration has continued to deepen our commitment to prudent management of the City's finances, which we consider to be the foundation of progressive, responsible government. In partnership with the City Council, we reached an \$89.16 billion budget for Fiscal Year 2019. The budget is based on cautious revenue estimates. This is something we focused on very carefully, and they will continue to be cautious. The budget is balanced, with record levels of reserves, and an ongoing savings program.

I want to thank the members of my team who played a crucial role in the process – our First Deputy Mayor, Dean Fuleihan, my Budget Director, Melanie Hartzog, and their staffs as well.

Before I review the Fiscal Year 2019 Budget in greater detail, I want to briefly note the continued strength of the City's economy. I can report that over the course of my first term in City Hall, New York City added almost 428,000 jobs, more than during any single mayoral term in history. And, lot of reasons for that, but also want to thank the members of my team who played a key role in our economic development efforts, and some of the key investments that we made, I think, we crucial to achieving some of the success, and I'll reference some of them in a moment.

At the same time – this is a cautionary note – we must remember the current economic expansion in this country has now stretched to 109 months, making it the second longest expansion in history and, therefore, we must always be prepared for a downturn.

We believe we are prepared. We believe very strongly, our cautious revenue and debt projections, manageable out-year gaps, ongoing commitment to setting aside unprecedented levels of reserves and to finding savings are all consistent with the current economic situation.

We now have a record level of reserves in the entire history of New York City government. For Fiscal Year 2019, we set the General Reserve at \$1.125 billion, an increase of \$125 million. We are maintaining our annual \$250 million investment in the Capital Stabilization Reserve.

We also added \$100 million to the Retiree Health Benefits Trust Fund, which brings it to a record high \$4.35 billion. Approximately \$3.6 billion of the various actions I took – I mentioned previously, are the result of actions taken by this Administration with our partners in the City Council. I really want to give credit to the City Council. They have been tremendously focused on the issue of building our reserves, and I think that's been very good for this city.

We have contributed to this progress every year since taking office. Credit ratings agencies often cite our commitment to unprecedented levels of reserves in support of our strong ratings, which has helped us maintain the highest credit ratings in the City's history.

Across Fiscal Years 2018 and 2019, we generated \$2.1 billion in savings. This includes \$421 million achieved through implementation of a partial hiring freeze and hiring delays, and \$49 million we saved by reducing 1,000 vacancies across City agencies.

Further, because of our year-long savings efforts and cautious planning, at the end of Fiscal Year 2018 we were able to make a \$4.6 billion prepayment on 2019 expenses, leaving Fiscal Years 2018 and 2019 fully balanced.

But we are certainly not done. We will continue to develop and implement new savings measures throughout the fiscal year, and will roll-out a new Citywide Savings Plan in November.

Now, I would like to discuss with you briefly some of the investments we made in the Adopted Budget. I made clear back in January, at my inauguration, we had a simple concept governing this term – we want to be the Fairest Big City in America. The actions we've taken in the budget all were undertaken with a simple goal – ask ourselves the question – does this investment, does this investment further that goal? And I can tell you that I think we've done some of the things that are really needed for this City.

Nothing is more central to our vision of fairness than bringing equity and excellence to all our schools. In Fiscal Year 2019, in the budget we expanded 3-K for All, which will double the number of new districts providing 3-K in each of the next two years from two to four, bringing our total commitment to more than 14,000 seats in 12 districts – this is early childhood education for three-year-olds that we intend to be fully universal, starting in 2021. We were able to do this without increasing spending in Fiscal Year 2019 by repurposing existing funding.

With the Council, we added \$125 million to ensure every public school in New York City is at least at 90 percent of the Fair Student Funding standard, with a citywide average of 93 percent. This will help 850 schools across every borough neighborhood to new teachers, guidance counselors, buy textbooks or laptops, or invest in arts programs, whatever the needs they have that are most pressing. We also committed \$150 million in capital funds towards increasing school accessibility for our disabled students, and that will be over three years.

Now, we are serious about this notion – becoming the Fairest Big City in America – and we know we cannot achieve that if people cannot afford to live in our city, or thrive here.

That is why, in this budget, we accelerated spending for supportive housing by \$100 million. It is part of the Department of Preservation and Development's affordable housing budget under our Housing New York 2.0 plan, which is our commitment to create and preserve 300,000 affordable homes by 2026.

Again, a city cannot be fair or affordable if some of us cannot afford to take public transportation. That is why, in partnership with the City Council, we invested \$106 million in Fair Fares, a program that will allow low-income New Yorkers to buy half-price MetroCards. This program will be administered by the City directly.

Our Administration has made a sustained and unprecedented effort to right decades of wrong, to right decades of neglect at our Housing Authority and to address the needs of its 400,000 residents. Since I came into office, these investments add up to \$3.9 billion in new spending for NYCHA, including \$423 million in capital and \$241 million in expense for Fiscal Year 2019.

Now, I want to mention two important investments that came after the Fiscal Year 2019 Budget was adopted in June.

Later in June, we entered into a voluntary consent decree with the federal government that will guarantee substantial investment in NYCHA for years to come. The City committed \$1 billion in capital funds over the next four years, and that's on top of all previous funding commitments. In addition, \$200 million per year thereafter as long as the consent decree continues.

Another matter, but crucial to the future of the City and to our budgetary stability, last month, I announced that the City of New York reached a tentative contract agreement with District Council 37, the union that represents almost 100,000 municipal employees – about a quarter of the City's workforce. This agreement, of course, is pending ratification by the workforce, but the tentative agreement is retroactive, beginning on September 26, 2017, expiring on May 25, 2021. So, it takes us well into the future.

As part of the settlement, DC37 will be able to opt-in to the New York State Paid Family Leave program. This benefit is entirely funded through employee payroll deductions, providing a significant benefit to hard-working municipal employees at no cost to the City.

The total cost of the tentative DC 37 settlement through Fiscal Year 2021 is offset by substantial healthcare savings and the funding already in the City's Labor Reserve. We will reflect the settlement cost as applied to the entire workforce in the upcoming November Plan.

Continuing to build off the health care savings reached during the first four years of this administration, we also reached a second health savings agreement with the Municipal Labor Committee. This agreement will provide total healthcare savings of \$1.7 billion through the Fiscal Year '22, \$600 million of which will recur annually and will also improve – we believe, at the same time – healthcare delivery for our employees.

That is in addition to savings from the 2014 healthcare savings agreement between the Municipal Labor Committee and the City, bringing total savings from the two agreements between Fiscal Years 2015 and 2022 to \$10.3 billion, with annual recurring savings of \$1.9 billion in Fiscal Year 2021 and beyond.

To conclude, again, a thanks to this board for your partnership in my term, but also for the extraordinary work this board and your predecessors did in years past to help the City of New York.

As we move into our second term, our Administration will continue to be guided by a vision of fiscal responsibility, transparency, and a dedication to investing in a growing, thriving, and above all, a fair city in every borough. There is a lot more to do, but thanks to sound financial management and smart investments, we are moving closer to a future where fairness is a defining characteristic of life in NYC. Our Fiscal Year 2019 Budget is certainly the latest down payment on that future.

Thank you, again, Mr. Chairman.

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