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**TRANSCRIPT: MAYOR DE BLASIO TESTIFIES IN FRONT OF SENATE FINANCE
AND ASSEMBLY WAYS AND MEANS COMMITTEES**

Mayor Bill de Blasio: Thank you Chair Weinstein and Chair Young so much. I want to thank also the ranking minority member Senator Krueger and Assemblyman Oaks. And I want to thank the leaders of this legislature, Assembly Speaker Heastie, Senate Majority Leader Flanagan, Senate Democratic Conference Leader Stewart-Cousins, IDC Leader Klein, and Assembly Minority Leader Kolb. My thanks to all the members here as well today and I'm joined by two key members of my time, our new Director of the Office of Management and Budget, Melanie Hartzong, and our new Director for State Legislative Affairs, Simonia Brown.

I want to begin by thanking the legislature on behalf of all 8.5 million New Yorkers. Over the past four years, New Yorkers have seen change happen quickly and that is thanks in large measure to our work with this legislature. Together we have given 70,000 children a strong head start in life through Pre-K for All. Together we've helped people throughout the five boroughs stay in the neighborhoods they helped to build. And together we've saved lives and prevented tragedies by expanding Vision Zero. Together we have certainly made New York City safer, stronger, and fairer.

Now, I want to turn to the City's Fiscal Year 19 Preliminary Budget, which I presented last week, and it included some important but modest new investments. And these were undertaken with one singular goal in mind, to make New York City the fairest big city in America. These investments included \$200 million for heating upgrades to the 20 New York City Housing Authority developments most in need. \$12 million for the rollout of body-worn cameras to all NYPD officers on patrol, one year ahead of schedule. And \$7 million for additional staff to implement new tenant harassment prevention laws enacted in partnership with the City Council.

As always, our budget is balanced and based on careful management of our resources, which is particularly important given what we are seeing in Washington. Without further action from Washington, federal policies could have a minimum \$700 million negative impact on our Fiscal 19 New York City Budget. This includes the cuts to DSH or Disproportionate Share Hospitals payments that will cost our Health + Hospitals Corporation \$400 million annually.

A corporate tax rate cut in the new tax law that will make the Low Income Housing Tax Credit less valuable. That will add \$200 million a year in capital dollars to our bottom line, making affordable housing production more expensive. And the new tax law eliminates a form of bond refinancing we use to save money, the estimated cost will be \$100 million a year. Those – excuse me – there are also negative consequences for our residents’ bottom line. The new tax law, of course, caps the State and Local Tax deduction and eliminates the personal exemption.

This means hundreds of thousands of New Yorkers – most earning less than \$100,000 – will pay more taxes. And I want to commend the Governor for trying to find ways to blunt the effects of the new tax law and I look forward to working with him, and all of you, on solutions. In addition to the tax law, we are also anticipating a new budget proposal from the Trump Administration in the coming weeks and that will likely be as painful as the last one.

Now I want to turn to the Governor’s Executive Budget. Last year I made the point that New York succeeds when New York City succeeds and vice versa. And that is even more important now. There are key items in the Executive Budget that are positive for our state and our city.

I have been speaking for years about the urgent need for election reform. All New Yorkers should be glad that early voting and same-day registration are in the Executive Budget. And I want to applaud the Assembly Democratic Conference’s past work on this issue. Exercising the fundamental right to vote is just too difficult in our state and two million New Yorkers, one million of them in the City, aren’t even registered. I urge the legislature to include early voting and same-day registration in the enacted budget and please also include other critical reforms, no-excuse absentee ballots, electronic poll books, and pre-registration for 16 and 17-year-olds.

It’s also important that the Dream Act is in the Executive Budget, given what is happening in our country and New York State can lead by example by helping all of our students. And I urge you to include the Dream Act in the enacted budget.

On criminal justice, we are pleased that the Governor included Bail Reform and Speedy Trials in his Executive Budget. This will help reduce the population in City Jails and accelerate our efforts to close Rikers Island. For the first time in 85 years, we have made it the City’s policy to close Rikers Island for good. But to do so we need to reduce the number of people incarcerated.

The City has taken prudent steps to reduce our jail population by 21 percent already in the last four years, bringing the number of incarcerated people to under 9,000. We have achieved this by driving crime to historic lows, reducing arrests for low-level infractions, and making a \$20 million annual investment in supervised release and case-delay mitigations. And we are now able to close the first of the nine jails on Rikers Island. That will happen in June.

I also support ending money bail and I think we should go further. Letting judges factor risk to public safety into bail decisions for all cases, while providing them the tools to minimize racial biases. I would urge you to pass another helpful legislative change that is not in the executive budget, this would allow City prisoners serving less than a year to earn reduce sentences for good behavior, like they can in state jails.

In addition I would urge the State to move State supervised parolees in City jails who violate parole into available space in state correctional facilities. The changes I just outlined would help reduce our jail population by another 18,000 people per day, bringing us closer to our stated goal of 5,000. Another key element in the closure plan is the construction of necessary borough-based jails. Design Build authority, the construction of local correctional facilities, would help speed up the construction timeline.

We are also improving the culture inside the jails. Our corrections officers are receiving new professional development and support. And all inmates in our jails now receive five hours a day of therapeutic, vocational, and educational programming. We have reduced the number of people in punitive segregation by 80 percent and ended it for women and those under 21-years-old. And this spring, through our Jails to Jobs program, everyone who leaves jail following a City sentence will be offered a transitional job.

Now I would like to talk another critical step in closing Rikers Island which is removing 16 and 17-year-olds. And I want to thank you all for your historic vote to enact Raise the Age. But I'm concerned that the Fiscal 19 Executive Budget makes this an unfunded mandate by providing zero guaranteed funding. This will cost the City at least \$200 million per year.

The City is working hard to comply with this mandate. We're renovating two facilities, Crossroads in Brownsville, Brooklyn, and Horizon, in Mott Haven, in the Bronx. For additional capacity, we need the Ella McQueen Juvenile Reception Center in Ocean Hill, Brooklyn, transferred to the City.

I urge you to help make this happen, We cannot meet the October 1st deadline without this center serving as our intake facility. The executive budget also defunds the City's juvenile justice facilities under the Close to Home program. This cut undermines the signature reform designed to keep kids closer to their families. And it will cost the City \$15.3 million in Fiscal 18 and \$31 million in Fiscal 19.

Now I would like to discuss a number of areas of concern in the Governor's Executive Budget. I made it clear that the City should not be required to pay half of the MTA's Subway Action Plan. Our current contribution to the MTA is one big reason why. New York City residents, workers, businesses, and government contribute nearly 70 percent of the MTA's total revenues, more than \$10 billion annually.

City government alone makes an enormous investment in the MTA already. This is comprised of \$900 million annually in direct funding and a further \$900 million in in-kind contributions including services by the NYPD Homeless Outreach efforts and debt service. This represents a \$200 million increase from last year. And in 2015 the City committed \$2.5 billion to the MTA capital plan, the largest general capital contribution in history.

But it's clear the MTA needs a long-term dedicated revenue source. I have proposed a millionaire's tax to pay for infrastructure and for the Fair Fare initiative, half price MetroCards for lower income New Yorkers. I urge that this proposal be included in the enacted budget.

A recent panel report commissioned by the Governor proposed a form of congestion pricing that would serve as a dedicated revenue source. I was pleased to see East River bridge tolls removed and to see the inclusion of block-the-box automated enforcement. I also support the panel's focus on commercial and for-hire vehicles.

I urge the legislature to consider expediting a surcharge on for-hire vehicles and an added surcharge on taxis for the MTA. This would even the levels of surcharge on both types of vehicles and address the MTA's immediate budget request.

If there were a congestion pricing plan there are several measures critical for New York City residents. One – a requirement that all proceeds are invested in mass transit projects in the five boroughs only. And two – the City of New York needs the ability to sign off on transit projects and priorities. Also, any pricing scheme for passenger vehicles should take the needs of New Yorkers with hardships into account including low income New Yorkers and those with disabilities.

Now, I want to focus on some areas of concerns when it comes to the MTA in the executive budget. The first is a "value capture proposal" that would grant the MTA the power to raid our property taxes on properties within a one mile radius of certain projects. This proposal would cost billions and blow a hole in the City's budget forcing us to cut back on essential services like police, sanitation, and education. This should be a concern for every local government. I was encouraged by the Governor's recent comments that portrayed this as a choice for the city, not a mandate. I would urge you to remove this provision from the enacted budget altogether.

Another MTA proposal in the executive budget that would devastate City finances is the mandate that the City pay all capital costs for the New York City Transit Authority. That means of tens of billions of dollars in new capital obligations and is based on the false premise that the City is legally responsible for paying New York City Transit's capital costs. Sixty-five years of statutory provisions, lease agreements, and funding history prove otherwise. I respectfully request that you reject this proposal.

Now, I'd like to turn to the topic of education. Bringing Equity and Excellence to the city's school system has been the core mission of my administration. With your help, we're making sweeping reforms designed to ensure that every child in every grade in every neighborhood fulfills their potential.

These include giving our kids a great start with pre-K, working to bring all students to reading level by third grade, and offering Advanced Placement courses to all high school students. The proposed \$248 million increase in education aid in the executive budget falls short of the increases in previous years and short of what the City needs to continue to bring Equity and Excellence to our schools.

Since 2008, the City's share of education spending has increased to 56 percent from 49 percent while the State's share has declined to 36 percent from 41 percent. Over two years with your help we increased the Fair Student Funding average from 88 percent to 91 percent by raising it for 787 schools. Today all Community and all Renewal Schools are at 100 percent.

And I want to note, any school that leaves Renewal status remains a Community school at the 100 percent level. But the State Campaign for Fiscal Equity obligation still has not been fulfilled.

If the State fulfills its CFE commitment we will use that funding to get every school to 100 percent by Fiscal '22. Especially problematic in the executive budget is a provision that gives the State division a budget – a virtual veto on school district spending. This could lead to arbitrary decisions and could jeopardize the Equity and Excellence vision that we know is working.

We join the State Education Department and school districts statewide who are concerned about this measure, and we ask that you do not tie up much-needed resources for our students through added layers of bureaucracy.

The executive budget also shifts a variety of charter school costs to New York City alone. In Fiscal '19 these costs amount to more than \$144 million currently borne by the State. The costs are comprised of \$120 million from the elimination of State reimbursement for supplemental basic tuition to charter schools and \$24 million from a proposed cap in reimbursement for the rental costs paid to charter schools.

The State made a commitment to fund the additional tuition and a portion of the rental support in the past. The State should continue to pay those costs rather than placing unfunded mandate on the City.

The Governor's executive budget would also make an arbitrary funding cut of \$65 million in Fiscal '19 to special education. Last year this funding supported 200,000 special-ed students. And at a time when the City is making significant investments in our child welfare system, the State proposes to cap reimbursements for State Child Welfare funding.

The cap is aimed just at New York City and has a potential impact of \$64 million in Fiscal '18 and \$129 million in Fiscal '19. And this would harm our efforts to keep kids with their families and out of foster care.

Now, I'd like to turn to the homelessness crisis. We've made unprecedented efforts to address homelessness including access to counsel for all New Yorkers in housing court; outreach to street homeless through HOME-STAT, the most comprehensive outreach program of any major city in the country; and working toward a smaller borough-based shelter system.

And we are seeing progress. We have moved 60,000 New Yorkers from shelter to permanent housing and we know HOME-STAT working. Since 2015, we have moved nearly 1,500 people off the streets who have not returned to the streets.

Rather than proposing to withhold City shelter funding, the State should support our outreach efforts. The State's executive budget also cuts \$9 million from the City's rental assistance program for working families – LINC 1. This will literally make it harder for 1,800 New Yorkers in shelter to find permanent housing. And I urge the legislature to restore this cut.

Before I conclude, there are just a few issues not in the budget that I think – we think deserve your attention. One – Design Build has accelerated dozens of state infrastructure projects and saved taxpayers billions. New York City’s taxpayers deserve the same advantage. Here are two examples of projects that could – that we could complete more quickly and efficiently if we had this Design Build tool.

One – the major rehabilitation of the BQE Triple Cantilever that 15,000 large trucks passover on a typical day. And two – the installation of crucially needed new boilers in public housing developments.

While we’re on the topic of public housing, my administration came into office dedicated to reversing decades-long disinvestment and we have made unprecedented investments including \$1.9 billion in capital spending for roof replacement, benefitting 179,000 residents; facade repair at 365 buildings; and security improvements at the 15 most dangerous developments that have yielded a much safer environment.

This winter we added \$200 million in capital to upgrade heating systems at the 20 developments with the most severe heating problems. This will add up to a total capital investment by the City of New York of \$2.1 billion which is unprecedented in the history of the city.

Now, I’m asking for your support in matching the City’s \$200 million investment in heating systems. We’re also investing \$9 million in capital and \$4 million in expense for rapid response teams and mobile boilers to address the immediate heating crisis and to keep our residents warm.

In addition to our capital investment in NYCHA, the City has made \$1.6 billion in investments in operating expenses.

One other important issue that is not in the executive budget – Civil Rights Law Section 50-a which prohibits the disclosure of personnel records of law enforcement and other uniformed personnel without a court order or an employee’s written consent. We have introduced a bill that would allow the NYPD to post all pertinent disciplinary information, a summary of the judge’s decision, and the Police Commissioner’s final determination on the NYPD website at the conclusion of an administrative disciplinary process. I urge you to support this bill.

Finally, I want to mention that the City’s critical life-saving speed camera program that you worked so hard to pass expires this year. Let’s not just extend it, let’s expand it, and loosen location restrictions to cover all the streets surrounding our schools.

I want to thank you all for what we have done together, for the great work that you have done in support of the people of New York City. I want to thank you for the partnership. And as I begin a new term, I want to say I look forward to four more years of working together. Thank you Madams Chair.

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