



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

FOR IMMEDIATE RELEASE

January 28, 2012

No. 39

www.nyc.gov

**MAYOR BLOOMBERG TESTIFIES BEFORE THE STATE ASSEMBLY WAYS AND
MEANS COMMITTEE AND STATE SENATE FINANCE COMMITTEES**

*The following is Mayor Michael R. Bloomberg's testimony as prepared for delivery today in
Albany:*

"Good morning.

"I want to thank Assemblyman Denny Farrell and Senator John DeFrancisco, the committee chairs holding this hearing; the ranking minority members of the committees, Assemblyman Robert Oaks and Senator Liz Krueger; and all the members of both the Assembly Ways and Means Committee and the Senate Finance Committee for this opportunity to testify today.

"Seated with me this morning are Mark Page, the City's director of Management and Budget, and Joseph Garba, our Director of State Legislative Affairs.

"My testimony this morning will address the impact on New York City of the Governor's Executive Budget for 2013 and 2014:

"To affirm our support for many of its goals – and also to urge the Legislature to correct its shortcomings, particularly in the area of education aid to New York City public schools.

"First, however, I want to thank all of you and your colleagues in both houses of the Legislature for your swift approval of the 'New York Safe Act,' the Governor's historic gun safety reforms.

"These commonsense measures will make all New Yorkers – Upstate and Downstate, in urban, suburban, and rural areas – safer from gun violence. And your passage of them set an example of bi-partisan cooperation that I hope Congress will follow as it takes up President Obama's legislative proposals on firearms safety.

(more)

“There is much in the Executive Budget that is commendable, including the Governor’s commitment to balance the budget without imposing new taxes.

“The budget also includes an ambitious plan to lead our recovery from the unprecedented damage produced by Hurricane Sandy.

“The other significant elements of the Executive Budget concern: education; health and human services; mandate and other relief to hard-pressed local governments; and economic development throughout the state.

“I’m now going to touch briefly on each of those points.

“I’ll turn first to the most urgent issue before us: education.

“The Legislature must act to keep New York City schoolchildren from being unfairly harmed by the UFT’s refusal to agree to a fair and effective evaluation process. That would, unfortunately, happen if the Executive Budget is not revised.

“As I’m sure most of you know, New York City stands to forfeit the additional \$250 million in State education aid for the current fiscal year that was contingent on our negotiating a new teacher evaluation process with the United Federation of Teachers.

“That as I predicted, proved to be impossible. No other state in the union even tries to do this. It is just a process that has not, will not and in fact cannot work.

“The procedural roadblocks and the ‘sunset’ provision that the UFT tried to insert into this proposed new process during the final hours before the January 17 negotiating deadline were designed to insure that there will never be a meaningful evaluation of competency and removal from the classroom of those few teachers who destroy the future for our most at-risk kids.

“Had we acceded to such shameless ploys, they would have created a process that was an unworkable sham – a fraud on the public. A process in which it would be impossible for us to support all teachers in developing their skills, or to remove the relatively few ineffective teachers from our classrooms.

“These last minute deal breakers from the union would have effectively undermined the intent of this Legislature, as expressed in the law you passed in 2010. And what you told your constituents you were going to do for our kids.

“Going along with the UFT’s demands would have broken faith with you – and our schoolchildren who deserve far better from us all.

“My message today is simple: Do not punish our schoolchildren for the obstructionism of the UFT.

“Our children don’t deserve it. They have done nothing wrong. They just need a quality education to survive, and they can only get that with quality teachers at the front of the room.

“We cannot base school budgets on whether districts meet the demands of unions to not have an evaluation system that works.

“The UFT’s obstructionism has, unfortunately, now set in motion a chain of decisions by the State Education Department that, if not corrected, will have potentially calamitous effects on our City’s public schools.

“They could result in our loss of many hundreds of millions of dollars in Federal aid, race to the top monies, much of it meant to help high-needs, low-income students in our city.

“And most immediately, the budget the State Department of Ed is trying to push would eliminate some \$724 million in State education aid to New York City schools over two years: \$250 million during the current fiscal year, the baseline of that for next year and \$224 million in the executive budget for next one.

“It would be at a terrible direct cost to New York City’s schoolchildren – as we too well know, it is our most vulnerable children who will bare the brunt of the cuts.

“In fact, here’s what that loss of State aid translates into in practical terms for them.

“We’re in the middle of the school year – a time when cutting school personnel or programs is doubly tough and especially painful.

“Nevertheless, the State funds we’ve lost will force principals to start right now making just such substantial classroom cutbacks – because they won’t have the discretionary funds they currently rely on.

“Starting with my budget update tomorrow, we will have a net loss of nearly 700 teachers through attrition for the rest of this school year – that’s 700 fewer than we planned on having. Because for every four teachers we lose during the balance of this school year, principals will be able to hire only one replacement.

“We’ll also have to sharply reduce the use of substitute teachers and teacher’s aides. And there will have to be substantial cutbacks in everything from offering students afterschool homework assistance and test preparation to providing professional development for teachers and other school staff.

“In the next school year, beginning September 2013, the pain will be even greater.

“Once again, it will be felt where it hurts most: In the classrooms.

“We can expect to lose more than 1,800 teachers through attrition – that’s 1,800 fewer than we planned on having.

“We’ll have to eliminate more than 700,000 hours of afterschool programs, including academic help to the students who need it most. And we’ll have some \$67 million less for essential school supplies.

“The Executive Budget because of the State Education Department’s outrageous pandering to the UFT, also would make perpetual the City’s loss of State education aid repeatedly for years into the future because of our refusal to accept a sham evaluation process.

“That would be true even if our Administration and the UFT are able to resolve our differences and reach an evaluations process agreement before the new September 1 deadline proposed in this budget for us and for other school districts across the state.

This would be an enduring penalty imposed on the schoolchildren of New York City.

“What this means is that one labor union president, with one act of intransigence, supported by the State Education Department, would permanently undermine State funding for our schools.

“And I want to commend Assembly Speaker Shelly Silver for questioning the fairness of perpetuating this penalty in this fashion, and for indicating that the Assembly may not allow it.

“Some \$194 million in other State and Federal funds awarded to the City are either already forfeited or are now at risk.

“That includes \$76 million in school improvement grants; \$64 million in Race to the Top funds; and teacher incentive funds of \$54 million.

“In addition to that, in his January 18 letter to New York City’s Schools Chancellor, State Education Commissioner John King, Jr., threatened to withhold another \$830 million in Federal education entitlement funds in the current fiscal year, if we did not agree to the fraud the UFT is trying to perpetrate on our children.

“These include \$727 million in Title I funds, which are meant to help schools serving our most economically disadvantaged students.

“Another \$103 million are Title II-a funds intended for the professional development of principals and teachers – again, primarily in the city’s lowest-income communities.

“The function of the State Education Department is to help schoolchildren – not unjustly penalize them. Their outrageous threats call into question their commitment to our children and their mission. And the cumulative effects of withholding these Federal funds would be a staggering penalty indeed.

“Members of the Legislature: It is blatantly unfair to punish students by denying our schools State aid – just as it’s also wrong to withhold the Federal education aid to which they’re entitled.

“And we’re counting on you to prevent those outcomes from happening.

“Before leaving the subject of education, let me also point out that once again this year, the Executive Budget proposes to limit the way public schools around the state can claim reimbursement for student transportation and other services.

“The effect would be a \$117 million reduction in State aid to New York City public schools in the current and next fiscal years. You’ve rejected this proposal in the past, and we urge you to do so again.

“Let me turn now to another area of high importance for our city: reducing the mounting costs of providing special education for pre-kindergarten students.

“Those costs are growing rapidly across the state – and even more steeply in New York City.

“We take our responsibilities to these students and their parents very seriously.

“And we applaud the measures proposed by the Governor that will help us ensure the quality of pre-k special education by authorizing us to select providers and set the rates at which they’re paid.

“Those measures can and should be made even stronger – specifically, by also enabling the City to require that the experts who evaluate students for these services aren’t professionally tied to the providers of those services. The conflict of interests of those with these ties is an outrage.

“When independent audits uncover overcharges for these services, we also need authority to recover those expenses without what is often a very protracted State approval process.

“That’s going to help us ensure the professional and fiscal integrity of these very important services.

“And to make them more efficient, we also ask that the City be allowed to contract independently with what are known as pre-k special education ‘itinerant teachers’ on a fee-for-service basis.

“I also ask you to address two issues in the area of health services.

“The first arises from the State’s need to comply with the Federal Affordable Health Care Act.

“In line with that, the State is now starting to redistribute ‘charity care’ dollars to hospitals that actually serve the largest number of uninsured, under-insured, or Medicaid patients.

“New York City’s public hospitals are the largest single provider of such care in the entire state – and the budget should reflect that more clearly and accurately than it now does. This is a step in the right direction.

“Second, the budget also unwisely cuts \$5 million in State funding to what are known as ‘Article 6’ public health programs in the city.

“Common sense tells us that preventive health care saves lives and also saves money.

“Yet the State would eliminate payments for primary and preventive clinical health services, cut funds for childhood immunizations and “well-child” check-ups, and reduce support for school-based health centers and for health services provided by community-based groups.

“This is a serious mistake, and I urge you to correct it.

“On the plus side of the ledger, the budget does make a number of positive contributions to helping the state’s local governments.

“In particular, our Administration welcomes the additional funding provided for operating the Staten Island Ferry and the once-privately operated bus companies now under the control of the MTA.

“We also support the Governor’s proposed extension of ‘design-build’ reforms for all State agencies. ‘Design-build’ saves taxpayers’ money and speeds up the process of design and construction.

“For those reasons, we ask you to extend it to all New York City agencies as well.

“And we urge that the State’s Mandate Relief Council take seriously its mission of relieving what are now burdensome reporting requirements for New York City and other localities by April 1 of next year. A good place to start would be giving localities a clear role in this process.

“We also applaud the Governor’s proposal to cap labor arbitration awards imposed on financially distressed local governments at 2 percent of contract costs. This is a good idea as far as it goes – and it should go even farther.

“That’s because the effect of the current structure of collective bargaining is to allow recalcitrant unions to force localities into contracts they simply can’t afford without raising taxes.

“This makes an unelected arbiter more powerful than elected officials.

“That’s wrong. It should be changed. It’s long overdue that the ability to pay should be taken into account in these decisions.

“For those reasons, the proposed arbitration cap should cover all localities, including New York City, under all conditions.

“In fact, it would be an outrage and blatantly unfair if New York City is not included in this reform.

“New York City residents pay our taxes and should be treated equally. When our taxpayers find out other taxpayers in the state are getting a better deal than they are, which you can be sure they will find out, repeatedly, you can expect an outcry you have never seen before. Just ask our New York City taxpayers, your constituents, if ‘they are distressed.’

“The argument that others need it more than we do is fundamentally unfair, and also overlooks the contributions we make to the State’s economy and budget.

“If the arbitration cap is a good idea for Upstate communities, it’s an equally good idea for us.

“Much of the budget focuses on the Governor’s economic development and job creation initiatives. We support many of his proposals – but there’s one with which we must disagree.

“It’s a plan to require local industrial development agencies to get prior State approval before granting sales tax exemptions to economic development projects. This would seriously impede job creation at the local level – and we urge you not to approve it.

“That said, there’s much in the Governor’s economic development agenda that we strongly support.

“Specifically, we urge the Legislature to enact an increase in the State minimum wage – to approve the Governor’s proposed reform of the workers’ compensation system – and to extend the State’s film production tax credits.

“Many elements in the Governor’s jobs agenda also mirror policies that New York City has proved successful at the local level.

“Take, for example, the ‘Next Generation NY’ initiative. It will enable community colleges across the state to do something similar to what our Administration’s nationally recognized Workforce1 Job Centers have accomplished: Reinvent employment services so that job seekers learn the specific skills actually needed by private sector employers.

“I also enthusiastically applaud the Governor’s plans for a new, more aggressive and imaginative campaign to market Upstate tourism.

“New York City’s own tourism marketing last year helped attract a record-setting 52

million visitors to the five boroughs, supporting a growing hospitality industry in our city.

“The Governor’s proposal to provide venture capital to fund ‘innovation hot spots’ has the potential to spur new jobs in high-tech industries, just as our Administration’s efforts are fueling high-tech job growth in the five boroughs.

“We also endorse the Governor’s \$1 billion commitment to preserving and creating affordable housing statewide.

“Over the past decade, our Administration’s \$8.5 billion affordable housing initiative, the New Housing Marketplace, has put us on course to provide nearly 600,000 New Yorkers with the homes they need.

“We also applaud the proposed creation of a statewide volunteer corps and public education campaign on disaster preparedness.

“Our Administration has been a leader in both areas – and both were critical to a response to Hurricane Sandy and its aftermath that, I have no doubt, saved lives in our city.

“The Governor has also developed a far-reaching plan for New York State’s recovery from Hurricane Sandy and also Storms Irene and Lee.

“In New York City, our Administration has, in cooperation with local residents, begun working to develop Community Recovery and Rebuilding plans in the communities hit hardest by Sandy.

“We expect these plans to dovetail with the community development block grant funding included in the Governor’s budget. The City and State worked closely and well in preparing for and responding to Hurricane Sandy.

“We’re confident we’ll continue to cooperate in drawing down the maximum in discretionary Federal recovery funds for the city and state, and also in sharing any non-Federally-funded public costs of rebuilding.

“As the Governor has also pointed out, the New Yorkers hit hardest by Hurricane Sandy need immediate help.

“For that reason, our Administration and the New York City Council ask the State Legislature to enable us to grant targeted property tax relief to homeowners who experienced the worst hurricane damage.

“Specifically, we seek your approval to grant these homeowners – and there will be fewer than 1,000 of them – tax rebates.

“The rebates will reflect the reduced value of buildings on the most severely hurricane-damaged properties.

“In Staten Island and Queens, where more than 90 percent of the qualifying properties are located, the rebates would typically range from between just over \$600 to just over \$700.

“That’s going to have a very slight effect on the City’s budget. But this relief will be welcomed by homeowners who remain under enormous financial, and emotional, strains.

“On that note, I will be glad to take your questions.”

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