

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

JOINT COMMITTEE ON FINANCE and
COMMUNITY DEVELOPMENT

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May 11, 2009
Start: 10:39 am
Recess: 2:30 pm

HELD AT: Council Chambers
City Hall

B E F O R E:

DAVID I. WEPRIN
Chairperson, Finance

ALBERT VANN
Chairperson, Community Development

COUNCIL MEMBERS:

- Maria Baez
- Gale A. Brewer
- Leroy G. Comrie Jr.
- Bill de Blasio
- Lewis A. Fidler
- James F. Gennaro
- Vincent J. Gentile
- Alan J. Gerson
- Eric N. Gioia
- Vincent Ignizio
- Robert Jackson
- Letitia James
- G. Oliver Koppell
- John C. Liu

COUNCIL MEMBERS:
[CONTINUED]

Melissa Mark-Viverito
Miguel Martinez
Rosie Mendez
James S. Oddo
Diana Reyna
James Sanders Jr.
Helen Sears
David Yassky

A P P E A R A N C E S [CONTINUED]

David I. Weprin
Opening Statement
Chairman
Finance Committee

Preston Niblack
Director
New York City Council Finance Division

Jeffrey Rodus
First Deputy Director
New York City Council Finance Division

Tenesha Edwards
Committee Counsel
Finance Committee
New York City Council

Finance Division Staff

Mark Page
Director
Office of Management and Budget

Mr. Kline and others
Staff of Mr. Page
Office of Management and Budget

Students from Public School 2

Albert Vann
Chairperson
Committee on Community Development

Tasha Lindley
Gail Asco Policy and Research Fellow
Community Voices Heard

Jennifer March-Joly
Executive Director
Citizens Committee for Children

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[Gavel banging]

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SERGEANT AT ARMS: Quiet please,
ladies and gentlemen.

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CHAIRPERSON WEPRIN: Good morning
and welcome to the opening day of the City
Council's hearing on the Mayor's Executive Budget
for Fiscal Year 2010. It feels like we never
left. Let me introduce my colleagues that are
here. I'm Council Member David Weprin, I chair
the Finance Committee. We have Council Member
John Liu from Queens; Council Member Leroy Comrie
from Queens; Council Member Simcha Felder from
Brooklyn; Council Member Lew Fidler from Brooklyn;
Council Member Robert Jackson from Manhattan;
Council Member Helen Sears from Queens; Council
Member Vincent Gentile from Brooklyn; Council
Member Letitia James from Brooklyn; Council Member
Vincent Ignizio from Staten Island and I know
there are other members on their way.

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This Committee will be responsible
for recommending a budget to the full City Council
in a just a few short weeks. This year, we are
doing the Executive Budget hearings differently
than in the past. Now, we will begin the

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2 Executive Budget hearings with the Office of
3 Management and Budget, rather than ending with
4 OMB. We will hear from the Department of Finance,
5 the Comptroller, Department of Design and
6 Construction, and IBO on the last day of our
7 hearings on June 1st.

8 At the time of adoption of last
9 year's budget, the size of the gap for Fiscal 2010
10 was projected to be almost \$2.3 billion, rising to
11 over \$5 billion in 2011 and beyond. In September,
12 New York City felt the harsh reality of the
13 national recession, with the nearly total freezing
14 of credit markets, and plummeting wages in the
15 financial sector, which dragged down all areas of
16 consumption, including housing, retail and
17 leisure.

18 In response, the Director of the
19 Mayor's Office of Management and Budget, Mark
20 Page, asked agency heads to submit Programs to
21 Eliminate the Gap, also known as PEGS. They were
22 asked to decrease their FY '09 budgets by 5%, and
23 decrease their FY 2010 budgets by 5%. Additional
24 PEG actions were taken in the Preliminary Budget,
25 and most agencies took another 4% cut in the

1
2 Executive Budget. The exceptions were the
3 uniformed services, which took only a half percent
4 cut, and the Department of Education, which
5 identified \$100 million in savings.

6 In February, we received the
7 Mayor's January Financial Plan. That plan totaled
8 \$58.8 billion and attempted to close a \$5.773
9 billion gap, more than doubled the amount
10 predicted at the time of Adoption in June. Two
11 weeks ago, the Mayor released his Fiscal Year 2010
12 Executive Budget. This budget totals \$59.4
13 billion, which is a \$1.7 billion, or 2.8%,
14 decrease than Fiscal Year 2009.

15 Falling tax revenues are the reason
16 for the decreased budget; total taxes, which make
17 up more than half of the City's total revenues,
18 are forecasted to decline 6%, or \$34.3 million
19 from Fiscal 2009 to Fiscal 2010.

20 In order to balance the 2010
21 budget, the Mayor's proposed 2010 Executive Budget
22 relies on 3 things: 1) \$400 million in concessions
23 from the municipal labor unions; and 2) a nearly
24 \$1 billion sales tax increase; and 3) a nickel tax
25 on consumer plastic bags. Since the Council by

1
2 law must adopt a budget that is balanced, if the
3 Mayor's proposals are not adopted something else
4 will have to take their place.

5 Although the 2010 budget is
6 balanced on paper, Fiscal 2010 revenues are not,
7 in fact, sufficient by themselves to support
8 Fiscal 2010 spending. When times were good and we
9 had a surplus, the Council acted responsibly and
10 paid down debt service for subsequent fiscal
11 years. Without the use of prior year surpluses
12 and Federal stimulus aid, the Fiscal 2010 gap
13 would be approximately \$6.6 billion. However, the
14 one-time resources that help balance 2010 budget,
15 will be largely gone in Fiscal 2011, and
16 completely gone in Fiscal 2012.

17 As you can see, in this economic
18 climate, a lot needs to be done to ensure that New
19 York City makes responsible budget choices while
20 still having the ability to provide core services.
21 With the PEGS and decreased revenues, the Council
22 is concerned about a number of essential program
23 cuts, layoffs, and firehouse closures that are
24 proposed in the Executive Budget, all of which
25 effect the operations of this great City. While

1
2 painful cuts are necessary, the Council and the
3 Mayor must adopt a budget that we all can be proud
4 of. To the greatest extent possible, we must
5 mitigate the pain for our most vulnerable
6 residents, such as seniors and children, and
7 ensure that agencies will be able to continue to
8 fulfill their core mandates.

9 We've been joined by some
10 additional colleagues. We have Council Member
11 Jimmy Oddo from Staten Island and Brooklyn;
12 Council Member Oliver Koppell from the Bronx; and
13 I think I got everybody else. We have Preston
14 Niblack the Director of Finance with us as well as
15 Jeff Rodus our First Deputy Director and a number
16 of other staff. And we also have Tenesha Edwards,
17 Counsel to the Finance Committee.

18 Mr. Page, do you have a statement?

19 [Pause]

20 CHAIRPERSON WEPRIN: I think we're
21 in trouble, go ahead.

22 MR. MARK PAGE: It's actually, in
23 many ways similar to yours.

24 CHAIRPERSON WEPRIN: That's a
25 first.

1
2 MR. PAGE: Yeah. Not in every way.
3 On May 1st the Mayor published the Executive Budget
4 for Fiscal Year '10 which proposed a balanced plan
5 for Fiscal Year 2010, which begins on July 1st.
6 We've also updated the current year '09, again to
7 achieve balance in that year as we are required to
8 do. You've noticed that revenue available for
9 spending in the City's budget has dropped by
10 almost 6% between Fiscal Year '08 and '09 and
11 again between '09 and '10.

12 This means that we have about \$5
13 billion less to spend out of current resources in
14 '10 than we had 2 years ago. This is in stark
15 contrast to the annual growth from year to year in
16 City revenue, which was 2.8% in '06 and 13.3% in
17 '07. If you look at our economically sensitive
18 taxes, the growth in that period was substantially
19 greater. This loss in resources is no surprise to
20 us.

21 The global recession has had a
22 serious impact on our economy. We have already
23 lost over 100,000 jobs. We expect to lose 328,000
24 jobs. This includes 47,000 jobs in the securities
25 sector, a significant wealth-generating component

1
2 of the economy here in the City. The real estate
3 market locally has slowed, so has tourism.

4 Although revenue has dropped, the
5 cost of New York City's government has not.

6 Between '09 and '10 debt service and
7 uncontrollable expenses increase by 5.2%.

8 Controllable expenses are held to an increase of
9 1.7% between years, substantially less than the
10 increase in cost of maintaining the workforce at
11 current levels or the purchase of goods and
12 services at current levels.

13 The overall increase in spending
14 between '09 and '10 is 4.5%, close to \$2 billion
15 more even though revenues are about \$2.5 billion
16 less. So how is '10 balanced? We have reduced
17 our planned City-funded capital commitments in
18 Fiscal Year '10 through '19 by 27% preserving the
19 next 5-year plan for the Department of Ed. The
20 revised capital commitment plan will invest almost
21 \$62 billion over those ten years. Capital
22 spending remains at \$10 billion per year through
23 '11. That's the cash out the door and its highest
24 annual rate ever.

25 The average annual increase in debt

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2 service will align with long-term revenue growth
3 over the decade instead of requiring a larger and
4 larger proportion of our resources as has recently
5 been true. 2010 reflects \$3.4 billion in
6 operating budget savings in City agency programs,
7 resulting in a reduction in City headcount of over
8 13,500 positions.

9 Our plan for balance in '10 also
10 reflects just under \$2 billion in Federal stimulus
11 funding to be received in that year. While the
12 Federal stimulus funding has helped us avoid
13 teacher layoffs and reduced the City's Medicaid
14 expenditures in the short-term, although the State
15 allocation methodology will result in \$543 million
16 less than the Federal stimulus law intended, these
17 stimulus monies diminish in '11 and are not
18 available to help budget balance in the out years.
19 The budget gap in '11 is now estimated to be \$4.6
20 billion.

21 We are doing our best to manage
22 down costs. However, the largest single element
23 in achieving balance in our proposed budget for
24 '10 is the use of about \$5 billion in surplus
25 resources from prior years. This is effectively

2 the end of the rolling reserve which this
3 Administration, together with you the Council,
4 managed to accumulate during the extraordinary
5 boom years which the City enjoyed. Between
6 Federal stimulus dollars and accumulated surplus
7 we are using close to \$7 billion of resources in
8 Fiscal Year '10 which will not be available to us
9 for future City operations. This is reflected in
10 the \$4.6 billion gap we face in '11.

11 As proposed the Executive Budget
12 requires \$1.4 billion in further actions by the
13 State and the City's labor unions. Without action
14 the '10 budget would be in deficit. As the value
15 of the actions are recurring, our cumulative
16 financial position would be almost \$3 billion
17 worse in '11 than we are currently showing as the
18 \$4.6 billion gap for that year.

19 We continue to negotiate with the
20 City's labor unions to help save \$200 million from
21 containing the cost of health care for City
22 employees, and we have proposed a new pension tier
23 for new employees only, which will save \$200
24 million in '10 and billions of dollars in the
25 future. We have not yet achieved these savings.

1
2 We are also relying on an increase
3 in the City's sales tax revenue which requires
4 action by the State. Our proposal raises the City
5 sales tax revenue by \$946 million, and includes
6 increasing the rate by 0.5% and repealing the
7 exemption for clothing. This item requires
8 virtually immediate action for the increase to
9 begin to be collected as of June 1. Without quick
10 action the effective date of the increase is
11 likely to slip a quarter, costing about \$250
12 million in Fiscal Year '10.

13 About 18% of City sales taxes are
14 paid by tourists. Another 8% are paid by
15 commuters. Therefore a quarter of the cost
16 doesn't affect City businesses or residents. Of
17 the portion paid by City residents, approximately
18 40% of the amount paid comes from the 21% of City
19 households which earn over \$80,000 per year.

20 No one likes increases in taxes.
21 However, given the level of spending reductions we
22 are already facing, the prospect of finding a
23 further close to \$1 billion in recurring budget
24 balancing actions we believe to be worse. We are
25 also relying on the State to pass our proposal for

1
2 a consumer plastic bag fee of \$0.05 per bag, which
3 would raise an additional \$100 million in '10.

4 Inevitably City budgets deal in
5 forecasts and circumstances change continually.
6 Since we published the Executive Budget, our
7 income tax collections following April 15th have
8 been reported at a level approximately \$250
9 million less than we were expecting in the revenue
10 forecast for '09 which supported balance in '10.

11 The MTA bailout recently passed in
12 Albany costs New York City \$75 million annually.
13 We are a large employer and this is the cost to us
14 of the payroll tax.

15 Just, I think the basic issue that
16 faces us as a City, that is this Administration
17 and this body in trying to put together a budget
18 for next year is that we've already taken
19 substantial actions, need to take more, to raise
20 revenues from the City's tax base. We've had an
21 extraordinary benefit from the Feds. We're using
22 the extraordinary resource from the past.

23 We've cut a lot. And balance needs
24 to happen in that context. Just one event, I said
25 we'd gone down \$250 million since our forecast in

1
2 the Exec. Why is that? The April 15th personal
3 income tax collections a year ago, that's April
4 2008, were \$1.741 billion. The comparable April
5 collections on personal income tax in this April
6 which we now have is \$686 million. That's a 61%
7 decrease in that month's personal income tax.

8 It's obviously a big month and it's important.

9 But we need to absorb that we're in

10 extraordinarily difficult circumstances which we
11 have to deal with in putting together the best
12 budget and financial plan possible for New York
13 City. I'd be happy to answer your questions.

14 CHAIRPERSON WEPRIN: Thank you Mr.
15 Page. I hate to think that we're on the same
16 page. But, no pun intended. I don't think so.
17 You referenced the Federal stimulus money and I
18 think you talked about--

19 SERGEANT AT ARMS: [Interposing]
20 Please sit down.

21 CHAIRPERSON WEPRIN: --\$2 billion
22 in Fiscal '10. When do you foresee the City
23 receiving those funds and what has to be done in
24 order to recognize those funds?

25 MR. PAGE: Well the funds that

1
2 really matter for budget balance, we pretty much
3 have.

4 [Pause]

5 MR. PAGE: The, between Title I and
6 IDEA money, which are direct education money from
7 the Feds, we have the right to that. And it's
8 pretty much set. That's \$335 million from Title
9 I, \$158 million from IDEA.

10 The amount of Federal education aid
11 runs through the State of New York is pretty well
12 set in the terms of the State's adopted budget.
13 It's another \$459 million which basically brings
14 the State general education aid back from being a
15 deficit from year to year of almost \$300 to even
16 from year to year.

17 The Medicaid money, we estimate
18 that in the three quarters in '09 that we've been
19 entitled to the benefit of a higher participation
20 by the Feds in the cost of local Medicaid services
21 in New York City, about \$450 million in '09,
22 another \$850 million in '10. And that's pretty
23 well done.

24 As I guess we'll talk about later,
25 we have some benefit in CDBG money which is

1
2 contained in the proposed Fiscal Year 2010,
3 Community Development Program that I guess I'll
4 talk about later today.

5 There are some additional grants
6 and sources of funding which will aid City
7 operations that we expect to recognize as they
8 become final with the Feds. A certain amount of
9 that is just in process, a certain amount of it is
10 an unknown outcome in terms of program and grant
11 applications by us for stimulus money.

12 [Pause]

13 CHAIRPERSON WEPRIN: So when do you
14 anticipate the full \$2 billion kicking in?

15 MR. PAGE: I'm figuring that we
16 basically have it, between the education \$952
17 million and the Medicaid \$850 and a certain amount
18 of carry-forward of the Medicaid from '09.
19 Roughly speaking I think we have that much budget
20 benefit in '10 right now.

21 CHAIRPERSON WEPRIN: And this has
22 all been calculated into the Executive Budget--?

23 MR. PAGE: [Interposing] Yes.

24 CHAIRPERSON WEPRIN: Okay getting
25 to the sales tax that you referred to. You know,

1
2 which is clearly a regressive tax and I know
3 there's strong sentiment in the Council, you know,
4 against the sales tax, particularly the aspect of
5 it regarding eliminating or reinstating the sales
6 tax on clothing and shoes which the Council was
7 very proud of.

8 Part of the issue involving that
9 and I think Finance staff has done some
10 preliminary numbers and regarding the elimination
11 of the exemption on clothing and footwear. Since
12 New Jersey does not tax clothing at all, we are
13 afraid that it may have an impact on employment.
14 Counsel of Finance has estimated that it could
15 cost about 1,200 jobs in retailing alone.

16 Have you thought at all about the
17 potential effect it might have on jobs and being
18 able to compete with our neighboring
19 jurisdictions, that maybe it won't end up
20 generating the overall \$1 billion in light of the
21 potential loss of jobs and loss of actual business
22 to neighboring jurisdictions?

23 MR. PAGE: Well. We believe that
24 the \$900-I think it's give or take, 40 million
25 dollars will be realized from our proposal. The

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2 clothing exemption is worth about \$400 million of
3 that amount. The 0.5% is worth about \$550
4 million. The [Pause] There are different ways of
5 achieving the \$1 billion that we're looking for.
6 We're counting now on a little more than \$900
7 million from the sales tax and the \$100 million
8 from the plastic bag nickel.

9 [Pause]

10 MR. PAGE: You could go higher on
11 the rate and not exempt clothing but it would take
12 a very substantial increase beyond the 0.5% we're
13 talking about to compensate for no tax on
14 clothing. And I think that there are competitive
15 trade-offs in that as well.

16 On the question of sales tax as
17 regressive--

18 CHAIRPERSON WEPRIN: [Interposing]
19 How much would it take to make up the difference?
20 If the--

21 MR. PAGE: [Interposing] It's about
22 \$280 million per quarter point on the rate. And
23 the clothing exemption is worth about \$400
24 million.

25 CHAIRPERSON WEPRIN: Okay. What if

1
2 you went back to the clothing under \$110 which I
3 think was less?

4 MR. PAGE: You'd lose about \$280
5 million of the \$400 million, roughly.

6 COUNCIL MEMBER ODDO: Mr. Chairman?

7 CHAIRPERSON WEPRIN: Yes.

8 COUNCIL MEMBER ODDO: As a point of
9 information could I--could we get an answer to
10 your question regarding the 1,200 jobs and that
11 impact. I don't believe Mr. Page has answered
12 that aspect of your question.

13 CHAIRPERSON WEPRIN: Mr. Page do
14 you have a--

15 MR. PAGE: [Interposing] I don't
16 think it's possible to accurately estimate the
17 impact on jobs but I believe that our forecast is
18 in fact good and that it reflects our thinking in
19 terms of the competition between ourselves and
20 surrounding areas.

21 CHAIRPERSON WEPRIN: Okay. Along
22 the same lines, on the sales tax, is the
23 legislation drafted and as far as we know, we
24 haven't seen the legislation. And does it have a
25 sunset or will it have a sunset?

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2 MR. PAGE: We're not proposing a
3 sunset.

4 CHAIRPERSON WEPRIN: Okay have you
5 drafted the legislation yet?

6 MR. PAGE: I think that we have a
7 draft that could very quickly be final.

8 CHAIRPERSON WEPRIN: Okay once the
9 authority is in place, could it be reversible by
10 Local Law or would it require additional State
11 legislation?

12 [Pause]

13 MR. PAGE: As we would propose it,
14 it would be imposed by the State and would
15 presumably require State participation. There's a
16 [Pause] complication in--well I would leave it
17 there.

18 CHAIRPERSON WEPRIN: So you're
19 anticipating that in order to change it, it would
20 require State legislation as well.

21 MR. PAGE: That would be our
22 proposal.

23 CHAIRPERSON WEPRIN: But you
24 haven't drafted it yet.

25 MR. PAGE: We have a virtually

1
2 final draft subject to, you know, discussion with
3 you.

4 CHAIRPERSON WEPRIN: Well would you
5 please share it with us 'cause it would be helpful
6 in--

7 MR. PAGE: [Interposing] Yes.

8 CHAIRPERSON WEPRIN: --budget
9 negotiations. What other discussions internally
10 have you had in the event that the City Council
11 was not to approve either the entire sales tax
12 increase or just the portion regarding the
13 clothing?

14 MR. PAGE: I wouldn't call it
15 discussion particularly. You know we've been
16 doing a succession of PEG programs in New York
17 City. Last November, well I guess a year ago
18 January, last November, last January, again for
19 the Exec. I think that a substantial loss of
20 recurring revenue as compared to our current
21 budget proposal is going to be extremely tough.

22 [Pause]

23 CHAIRPERSON WEPRIN: Okay. Well I
24 would suggest you at least have a menu available
25 of potential options, particularly to make up for

1
2 that piece regarding the clothing because that
3 probably has the most objections. And we're still
4 not convinced that, you know, we may generate
5 revenue in the short-term but it may result in a
6 loss of revenue in the long-term if our Finance
7 staff numbers are correct that we could lose 1,200
8 jobs in retail which obviously will have a
9 significant impact, economic impact in the long-
10 run. Did you want to comment on that or?

11 MR. PAGE: I don't think that--I
12 think it's very difficult to quantify the job
13 impact. I think that, you know, \$400 million'
14 worth of services to be paid for from this revenue
15 source versus the loss of 1,200 jobs if that were
16 true. And I think that, you know, there are
17 tradeoffs in most things that we do.

18 CHAIRPERSON WEPRIN: Okay. We have
19 a number of individual who want to ask questions.
20 I have eight people signed up. So I'm going to
21 ask--and we've been joined by Council Member Alan
22 Gerson from Manhattan who tells me he's number
23 nine now but in any case, if my colleagues can
24 limit their questions to two questions. Two
25 questions, I didn't say one, for the first round.

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2 If there is an opportunity, depending on how the
3 time goes for a second round of questions, we can
4 certainly allow that. But I think in all fairness
5 to everyone, Council Member if we can limit it to
6 two questions initially, which I think is more
7 than generous. Council Member Fidler.

8 COUNCIL MEMBER FIDLER: Yeah
9 actually I have 1 question in 16 distinct parts.

10 CHAIRPERSON WEPRIN: Don't feel
11 obligated--

12 [Laughter]

13 CHAIRPERSON WEPRIN: Don't feel
14 obligated to ask two questions--

15 COUNCIL MEMBER FIDLER:
16 [Interposing] Yeah.

17 CHAIRPERSON WEPRIN: --you can ask
18 one question as well.

19 COUNCIL MEMBER FIDLER: Actually,
20 that's all right. Anyone want to trade me an
21 extra question? Good morning Mr. Page, Mr. Kline
22 and I really, I will abide by the rules and limit
23 myself to two questions and if you answer the
24 first one in a way that makes me happy I may be
25 gentler on the second one and I won't even bring

1
2 up Mr. Kline's floundering fantasy baseball team
3 either while we're here and no comments from you
4 Mr. Oddo.

5 First, you know, as you know I have
6 a great deal of concern about the children who
7 sleep on our streets every night and require
8 shelter. And there is \$74 million of Federal
9 stimulus money in the what they call the Homeless
10 Prevention Rapid Re-housing Program that will be
11 coming to the City. I would like to know if you
12 know yet how the City will use that money and
13 whether it is possible that a portion of that
14 money will be given to DYCD to supplement their
15 RHY programs, their existing RHY programs which I
16 believe would be within the parameters of the
17 Federal stimulus program.

18 MR. PAGE: I don't know their--the-
19 -I don't know the answer to that question.

20 [Pause]

21 MR. PAGE: They've been working on
22 how to use it and I'm not a party to the details
23 to that degree.

24 COUNCIL MEMBER FIDLER: Well then,
25 gee I ought to get an extra question for that.

1
2 But then I would just urge you to seriously
3 consider taking at least \$3 million of that money
4 to supplement the existing RHY contracts. They
5 are seriously and deeply in need and I think the
6 money has proven to be extremely well spent by
7 DYCD. So I'll just leave that one at that.

8 The second question revolves around
9 numbers and, you know, we--I've asked you these
10 questions in the past in two distinct areas. And
11 I hope today you're prepared to give us numbers
12 because the budgeting process is after all about
13 numbers.

14 The first is the ACS transfer of,
15 you know, out of, you know, the Kindergarten
16 transfer. What is saved at ACS per pupil and
17 what's the cost to DOE and DYCD upon their
18 transfer? And secondly, in the Capital Budget
19 I've asked you what is saved by reducing the plan
20 and the numbers that Finance gave me this morning
21 don't really reflect a 30% cut in the Capital
22 Plan. Is that a change? And can you--

23 MR. PAGE: [Interposing] As was
24 advertised. I'm sorry, as we announced in our
25 budget, it's a 27% cut of commitments in the 10-

1
2 year Plan starting in 2010.

3 COUNCIL MEMBER FIDLER: But your
4 cuts are 27% in '10, 16% in '11, 12% in '12, at
5 least according to the Council Finance math. I
6 mean is that a change in your--

7 MR. PAGE: [Interposing] It's a 10-
8 year Plan. It's the cut on the 10-year Plan.

9 COUNCIL MEMBER FIDLER: So during
10 the--

11 MR. PAGE: [Interposing] We'd be
12 happy to go through the details with the Finance
13 staff.

14 COUNCIL MEMBER FIDLER: Well could
15 you then tell me, even within the parameters of
16 your 27% cut, what the numbers are? What are we
17 saving in debt service in the next three years?
18 All right? Because, you know, none of us--

19 MR. PAGE: [Interposing] I would be
20 happy--

21 COUNCIL MEMBER FIDLER: --
22 hopefully--

23 MR. PAGE: --answer those questions
24 to you or your Finance staff but I don't have
25 those numbers in my head.

2 COUNCIL MEMBER FIDLER: Well
3 that's--I mean, you know, the Capital Budget's a
4 pretty big piece Mr. Page. And I, you know, I've
5 asked you this question privately, at our
6 briefings. I've asked you this question the last
7 time you were here. So I'm a little disappointed
8 you don't have those numbers.

9 How about the ACS numbers? Do you
10 have those? Because--

11 MR. PAGE: [Interposing] No.

12 COUNCIL MEMBER FIDLER: --I've
13 asked, you know, I've had you here. I've had
14 Commissioner Mattingly here and I've had
15 Chancellor Kline here. Each one justifying the
16 ACS transfer based upon it's a budget savings.
17 And, you know, we're supposed to be a partner in
18 this.

19 MR. PAGE: It's a budget savings.
20 It's also a savings in terms of the education
21 provided to that group of kids in New York City.
22 We spend a lot of time and energy putting together
23 a curriculum and a teaching program which includes
24 people in Kindergarten in the public schools in
25 this town. And to deprive a significant group of

1
2 kids from that service because you're going to
3 keep them in full-day daycare, as a policy matter,
4 I don't think makes sense.

5 COUNCIL MEMBER FIDLER: Mr. Page,
6 that's the first time any member of the Bloomberg
7 Administration has been here and justified this
8 transfer based on policy and not on numbers. All
9 right. Mat--

10 MR. PAGE: [Interposing] It also--

11 COUNCIL MEMBER FIDLER: --
12 Commissioner Mattingly did it. His Deputy
13 Commissioner did it. Chancellor Kline did it.
14 You did it here, when you were here last. Every
15 time it has been based upon it is a savings to the
16 tax payers. Now if you want to argue policy--

17 MR. PAGE: [Interposing] It's--

18 COUNCIL MEMBER FIDLER: --that's a
19 whole different question--

20 MR. PAGE: [Interposing] It so
21 happens that it is a savings to the tax payers--

22 COUNCIL MEMBER FIDLER:
23 [Interposing] Well then that's what I'm asking is,
24 can you run me through those numbers because--

25 MR. PAGE: [Interposing] Yes and I

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can't do it now either.

COUNCIL MEMBER FIDLER: --when I look at the numbers, they don't make sense. Why can't we do it now?

MR. PAGE: Because I don't have the numbers.

COUNCIL MEMBER FIDLER: Well, yeah, I'm glad, you know, I think it's a little unfair for you to come to class unprepared. I mean how could you not know this question was going to come up Mr. Page? I, you know, look, you know, I don't mean to--yeah I do mean to vent my frustration because I have asked now four times for someone to take us through--

MR. PAGE: [Interposing] You know, if you asked in a context other than you sitting there and me sitting here, where I was actually in a position to hunt out the numbers and have a conversation with you, I'd be happy to respond to you. This may serve a venting purpose but it doesn't serve a substantive purpose.

COUNCIL MEMBER FIDLER: I, you know, I promise you, I didn't come here with the intention of venting. I was actually kind of

1
2 hoping that your question to the RHY question
3 would put a smile on my face. But, you know, the
4 fact of the matter is, it's a little frustrating,
5 you know, we have a role to play. You have a role
6 to play. I respect the role you play. But the
7 role that we have to play here is to be a partner
8 in a budgeting process. And how can we do that if
9 we repeatedly ask questions about the numbers and
10 don't get the answers?

11 All right? So yes, I will reach
12 out to your office and ask for those numbers
13 privately. But I think all my colleagues are
14 interested in these numbers and I think the people
15 sitting out here are interested in those numbers
16 too. 'Cause this has been a public issue.

17 So, you know, I don't think it's
18 that, you know, all that unfair of me. And I
19 guess I'm limited to two questions so I will not
20 rant about the sales tax.

21 CHAIRPERSON WEPRIN: Thank you.
22 I'd just like to call upon Council Member Sears
23 for an introduction.

24 COUNCIL MEMBER SEARS: We have
25 joined us today the students of Public School 2

1
2 that in Jackson Heights. They're really in
3 Council Member Vallone's District, but also mine.

4 [Applause]

5 COUNCIL MEMBER SEARS: Now I think
6 we should show them how well behaved we are.

7 [Laughter]

8 COUNCIL MEMBER SEARS: Thank you--

9 CHAIRPERSON WEPRIN: [Interposing]

10 And on that note--

11 COUNCIL MEMBER SEARS: --for

12 joining us.

13 CHAIRPERSON WEPRIN: On that note,

14 Council Member Letitia James.

15 [Laughter]

16 COUNCIL MEMBER JAMES: Let's just
17 say that well behaved women have never made
18 history. And never in the history of this country
19 have any women ever been well behaved. So urge
20 women to speak up and speak truth to power and
21 don't ever let anyone intimidate you or whatever.

22 [Laughter]

23 COUNCIL MEMBER JAMES: Mr. Page.
24 How was your Mother's Day?

25 [Laughter]

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2 COUNCIL MEMBER JAMES: And was your
3 mother?

4 MR. PAGE: You know, my mother's
5 been dead and buried for ten years--

6 COUNCIL MEMBER JAMES:
7 [Interposing] Okay.

8 MR. PAGE: --and if you'd get off
9 that subject that would be more polite.

10 COUNCIL MEMBER JAMES: So I assume
11 your Mother's Day was a fine day. Yes.

12 MR. PAGE: It was what it was.

13 COUNCIL MEMBER JAMES: Thank you.
14 And my sympathy to you and your family.

15 So the Mayor's Executive Budget
16 includes \$9.2 billion for contracted out services,
17 spread across over 17,000 contracts. This amount
18 exceeds the budgeted amounts for pensions, fringe
19 benefits, Medicaid, debt service. Roughly 70% of
20 the contract budget goes towards a range of social
21 and health services and youth and student related
22 services like public transportation.

23 And much of the balance however is
24 for various personal, professional and maintenance
25 services many of which can be performed by City

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2 employees. These include clerical functions such
3 a security, cleaning, accounting, engineer,
4 architectural, computer related and computer
5 maintenance services.

6 In my mind these contracted out
7 services represent nothing more than a shadow
8 government and so I would hope, this is not a
9 question but a comment, I would hope that the
10 Administration would review, rescind or look at
11 these contracts in a way that could be a more
12 effective, more cost effective manner,
13 particularly during these austere times which
14 would result in savings to the citizens of the
15 City of New York and would save union jobs.

16 My question to you Mr. Page is
17 regarding oral health clinics. This
18 Administration would seek to close all oral health
19 clinics in the City of New York, to all low and
20 moderate income children in the City of New York.

21 There was a recent incident in
22 Maryland where a 12-year old Maryland boy who died
23 as a result of an untreated infected tooth that
24 led to a fatal brain infection. IBO, Fiscal
25 Policy Institute and a number of other

1
2 organizations have urged this Administration to
3 keep these centers open.

4 My District which is in Central
5 Brooklyn, which for the most part patronizes these
6 clinics, most of the low and moderate income
7 families, most of the black and brown, you seek to
8 close these oral health clinics.

9 My question to you Mr. Page is the
10 following: The Department of Health and Mental
11 Hygiene has one of the most bloated advertising
12 budgets of any City agency, my question to you is
13 to what extent is your--this Administration, the
14 Bloomberg Administration going to reduce this over
15 bloated advertising budget and keep these dental
16 services open for the constituents who need it
17 most, these children who unfortunately do not have
18 health service, dental health clinics available to
19 them? Is there a response?

20 [Pause]

21 MR. PAGE: The Department of Health
22 takes its responsibility for the health of all of
23 us extremely seriously. The dental clinics that
24 you are referring to are not the only source of
25 dental care for children in New York City. They

1
2 are, at least I've understood in the past from the
3 Department, generally underutilized and an
4 expensive way of addressing that health need which
5 can better be addressed otherwise.

6 COUNCIL MEMBER JAMES: Mr. Page,
7 let me just tell you 'cause I'm a little bit more
8 on the ground and in these communities more than
9 most people in your Administration. Most of the
10 individuals who patronize these centers are
11 immigrants. Most of them are afraid to go to
12 other dental clinics because of their immigration
13 status. Most of these individuals, unfortunately,
14 do not have health care. And most of these dental
15 clinics, most people are unaware of them because
16 the Administration fails to advertise these
17 clinics.

18 I can tell you if in fact we were
19 to advertise the lines would be around the corner
20 in Central Brooklyn and in communities similar to
21 Central Brooklyn. Again my plea to you and to
22 this Administration is to keep these critical
23 services open to the vast majority of low income
24 children who need it.

25 My second question--

1
2 MR. PAGE: [Interposing] I don't
3 believe they serve the vast majority of low income
4 children who need dental care as a matter of fact.
5 I think there are--

6 COUNCIL MEMBER JAMES:

7 [Interposing] Only--it's a--

8 MR. PAGE: --there are in fact
9 other City provided and HHC provided facilities
10 which--

11 COUNCIL MEMBER JAMES:

12 [Interposing] Mr. Page I'm--

13 MR. PAGE: --address this need.

14 COUNCIL MEMBER JAMES: Mr. Page, I
15 think you're mistaken and I would love to take you
16 on a walk and on a tour of my District and other
17 similar Districts, and I can tell you, speaking to
18 parents, most parents are unaware and those who
19 are aware vitally need these services. And I hope
20 that we would not close them.

21 My second question is to what
22 extent a number of people in the City of New York
23 because interest rates have gone down, to what
24 extent do we anticipate a bump in refinancing from
25 the mortgage recording tax?

2 MR. PAGE: I think that we are
3 expecting in our forecast something like a 10%
4 increase from the level we've been at in the
5 fourth quarter of this year. I think it's like
6 \$30 million of additional revenue that's in our
7 current forecast.

8 COUNCIL MEMBER JAMES: And private
9 equity companies which have gutted and have
10 basically purchased a significant number of
11 underutilized, rent stabilized, rent controlled,
12 and Mitchell Lama buildings in the City of New
13 York, they are exempt from unincorporated business
14 tax despite the damage that they have caused in
15 converting these rent controlled, rent stabilized
16 buildings and basically evicting poor people.

17 To what extent can we eliminate or
18 can we impose a business tax on these private
19 equity companies which are making billions on the
20 backs of poor people?

21 MR. PAGE: I [Pause] I mean in
22 general, our tax structure is as authorized by the
23 State legislature.

24 COUNCIL MEMBER JAMES: Would the
25 Administration consider imposing an unincorporated

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2 business tax on private equity companies, their
3 general partners or these hedge funds?

4 MR. PAGE: I hear that you're very
5 concerned about this topic but at the level of
6 detail that you're giving me, I can't really
7 answer your question.

8 COUNCIL MEMBER JAMES: I would urge
9 that you consider it and perhaps take it back and
10 your staff would review it. Thank you Mr. Page.
11 I'll, I would like a second round of questioning,
12 the second go around. Thank you.

13 CHAIRPERSON WEPRIN: Thank you
14 Council Member. Council Member Vincent Gentile.

15 COUNCIL MEMBER GENTILE: Thank you
16 Mr. Chairman. Good morning. Mr. Page, I'm
17 curious. In your new agency PEGS, you indicate in
18 the Police Department a reduction of 125 traffic
19 management enforcement agents. Now that does not
20 mean that there will be a reduction in parking
21 enforcement agents, am I correct?

22 MR. PAGE: I believe you're
23 correct.

24 COUNCIL MEMBER GENTILE: In fact
25 there's an increase in hiring parking enforcement

1
2 agents. That's still my first question. But. So
3 traffic management agents do not include parking
4 enforcement agents. Okay.

5 I just want to bring up the fact
6 that our three library systems are now facing a
7 22.2% cut under this proposed budget. Put another
8 way, when you take into account the plans that
9 were in the November 2008 and the past January
10 proposed plan, both of them had 702 layoffs and
11 148 positions lost by attrition. When you add in
12 the May numbers, that adds an additional 241 job
13 cuts, leading to a total of 1,091 jobs lost in the
14 3 library systems including 943 layoffs.

15 When you put it another way, the
16 Brooklyn Public Library System, with those types
17 of cuts, would cut their material budget by 30%
18 and service at their branches would be limited to
19 5 hours on weekdays, 1:00 to 6:00 P.M. to try and
20 serve students after school. And New York Public
21 Library would reduce their weekly service from 52
22 to 32 hours and cut their materials budget by 26%
23 in libraries and 35% in the research areas. Tom
24 Collanti [phonetic] in Queens said these drastic
25 reductions being proposed to our budget would

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devastate library service in Queens.

It's amazing that just 2 years ago we were lauding the fact that we had 6-day library service across this City. In fact the City Center for Urban Future called the 6-day service a landmark achievement for boosting the competitiveness of the City's future workforce and improving the quality of life for untold number of seniors, parents, children and immigrants.

Mr. Page do you realize that if these cuts happen, the number of hours that New York City would have their libraries would rank them last, last among the 20 largest cities in America in the number of hours that libraries are open? We would be last of the 20 largest.

I guess my question in all of that is that do you appreciate, does the Mayor appreciate the fact of the necessity to keep libraries open, especially, especially in the tough economic climate when more people use the resources libraries have available in this type of economic climate?

MR. PAGE: I think that we appreciate the need for that service which

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2 unfortunately is one that we are obliged to
3 balance against the need for every other service
4 that people rely on in this City.

5 COUNCIL MEMBER GENTILE: Well I
6 think that may be so but I don't think you will
7 find another institution that serves such a
8 diverse mix of New Yorkers, in every Borough, in
9 every neighborhood, across this City. And, you
10 know, I believe, Mr. Chairman, that, you know,
11 there comes a time and point where fiscal policy
12 must be melded with considerations of public
13 policy. And I think we're missing that point on
14 the public policy issue when it comes to closing
15 libraries.

16 I want to be back on the second
17 round of questioning but I will stop right here.

18 MR. PAGE: I don't--

19 CHAIRPERSON WEPRIN: [Interposing]
20 No problem, Council Member. I, you know, I share
21 the concern that all cuts are not equal and should
22 not, you know, necessarily be across the board
23 depending on which agency and we could say that
24 about libraries, we could say that about
25 firehouses, we could say that about a lot of

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2 different agencies. I think each one has to be
3 considered on a case by case basis rather than
4 across the board.

5 We've been joined by Council Member
6 Diana Reyna from Brooklyn and Queens and Council
7 Member Albert Vann from Brooklyn.

8 Next questioner is Council Member
9 Robert Jackson.

10 COUNCIL MEMBER JACKSON: Thank you
11 Mr. Chair. Good morning.

12 MR. PAGE: Good morning.

13 COUNCIL MEMBER JACKSON: Morning.
14 I want to ask, I guess, some questions about
15 education as I chair the Education Committee. And
16 it's my understanding Mr. Page that the Executive
17 Budget for Fiscal Year 2010 adds close to \$1
18 billion, excuse me Mr. Koppell, Council Member, I
19 really, I'm just... proposes, Fiscal '10 adds close
20 to \$1 billion in Federal stimulus monies in the
21 budget for the Department of Education.

22 The budget details show that the
23 Federal stimulus funding is tied to Department of
24 Education jobs. Based on information that I have,
25 \$362 million is to be used to reverse the

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2 Governor's proposed budget cut, the Deficit
3 Reduction Assessment, which will fund 5,716 jobs
4 in the schools. About \$30 million in new IDEA
5 funding will support approximately 341 therapist
6 jobs and \$128 million in new IDEA funding will
7 support over 2,015 jobs.

8 And also the reversal of the
9 special education pre-K reduction, worth about \$97
10 million in Fiscal 2010 will save approximately
11 1,536 jobs in the schools. And about \$335 million
12 in new Title I aid will support approximately
13 5,000 jobs in the schools.

14 So my question to you as the Budget
15 Director, as far as you are concerned on behalf of
16 the City of New York, can you please discuss with
17 me and my colleagues how the Fiscal 2010 budget
18 overall will impact our school-based employment?
19 We've heard that no teachers will be laid off but
20 what about guidance counselors? What about school
21 aides, what about our custodial jobs?

22 Can you give me any numbers as to
23 overall if any reductions that are going to happen
24 in 2010 as a result of our budget's current budget
25 situation? And also with the situation with the

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2 \$1 billion that has been put forward under the
3 Federal stimulus package. In essence where do we
4 stand?

5 MR. PAGE: Well I think that the
6 monies there, such as it is, the year to year
7 increase in the overall DOE budget is about \$650
8 million. The Department is committed to not lay
9 off teachers as you noted. [Pause] The ultimate
10 impact on the Department's overall workforce which
11 is what you were talking about in the various
12 categories you referred to, I don't know and I
13 don't think the Department really knows at this
14 moment.

15 It has a considerable amount to do
16 with how the principal in each school chooses to
17 spend his money or her money. And the budgets
18 have been put out to the schools I think at this
19 point. In a week? It goes out to the schools.
20 And the sort of how that plays through in terms of
21 the numbers of people is going to take some time
22 after each school has its funding.

23 The, as I'm sure you're aware, the
24 \$3.7 million increase [Pause] doesn't cover the
25 costs for just increases in fringes, collective

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2 bargaining, the basic kinds of bussing and other
3 direct services that the Department is responsible
4 for so that as with other agencies in the City,
5 although certainly less than some, the Department
6 is going to be looking at I would expect a
7 somewhat smaller workforce next year than this.
8 And how that plays through in the details, I'm
9 sure that they're better able to address it than I
10 am at this moment but quite honestly I don't think
11 they really have it either yet.

12 COUNCIL MEMBER JACKSON: I can
13 appreciate the fact from a process of getting the
14 particular details that are locally-based
15 decisions from the principals and from the school
16 leadership teams dealing with their specific
17 budgets but as you know the Executive Budget is
18 out. And I believe that Chairman Weprin indicated
19 that the last Executive Budget hearing day is on
20 June 2nd. And so--

21 CHAIRPERSON WEPRIN: [Interposing]
22 June 1st.

23 COUNCIL MEMBER JACKSON: June 1st.
24 And so is it reasonable to expect that by June 1st
25 the last date of the Executive Budget hearings

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2 that we will have the details so that we as a
3 Finance Committee and the City Council will have
4 knowledge as to what the impact, proposed impact,
5 as far as details are concerned? That's not
6 unreasonable to ask by then is it?

7 MR. PAGE: Well I mean certainly
8 from the point of view of the Council and the City
9 budget process, I don't think it's unreasonable to
10 ask. What information the Department will
11 actually have as of that moment given the sort of
12 progression of their resource allocation to the
13 schools and getting the detailed information back,
14 I don't know.

15 COUNCIL MEMBER JACKSON: Well we
16 will definitely follow up on that and when DOE
17 comes in front of us also; I'll be pressing those
18 same, similar questions to them.

19 MR. PAGE: Um-hum.

20 COUNCIL MEMBER JACKSON: My second
21 question--

22 CHAIRPERSON WEPRIN: [Interposing]
23 That was your second question.

24 COUNCIL MEMBER JACKSON: No that
25 was only one question on education. I'm sorry.

2 CHAIRPERSON WEPRIN: You can [off
3 mic]

4 COUNCIL MEMBER JACKSON: Yeah the
5 second one is very short. Mr. Page, with respect
6 to no one has addressed yet the question of
7 raising the personal income tax for wealthier New
8 Yorkers, like the State did, those earning
9 \$300,000, \$500,000 and \$1,000,000. And I
10 personally would like for us, the City Council, to
11 look at that with respects to keeping the entire
12 family and those that are earning \$20,000,
13 \$30,000, \$40,000, \$50,000 that are struggling, the
14 wealthier New Yorkers pitching in a little bit
15 more to keep us all united and alive.

16 What is your position or the
17 Mayor's position on possibly doing a small
18 percentage, not, maybe 0.3% of a percent or less
19 than a 0.5% of a PIT for those New Yorkers that
20 can afford to give a little bit more?

21 Thank you Mr. Chair.

22 MR. PAGE: I think that our
23 position continues to be that the State has
24 recently moved up the income tax burden on those
25 people. If you look at our income tax rates as

1
2 compared to any of the surrounding regions or the
3 rest of the country, the income tax burden in New
4 York City is extraordinarily high. And as the
5 Mayor has said fairly often, there is a very small
6 number of tax payers who actually pay a very large
7 proportion of the income tax here.

8 And our competitive position is
9 extremely vulnerable on that front as well. And
10 it, you know, people talk about the issue of
11 somebody moving away. Quite honestly given the
12 way many of those people live, it's not a matter
13 of moving away, they already have some place else.
14 And it's a question of spending a few days more
15 somewhere else rather than a few days here in
16 terms of us being able to maintain our tax
17 jurisdiction over them. So that this question of
18 the vulnerability of the tax base at the upper
19 levels of income tax, I think is very real for us.
20 And it's already been hit in terms of the State's
21 tax actions this year.

22 COUNCIL MEMBER JACKSON: Well Mr.
23 Page let me thank you for your response. And Mr.
24 Chair, I would like to go on the second round of
25 questions because I think that his response is one

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2 where I understand that's the Administration's
3 position but as far as all New Yorkers are
4 concerned and I'll conclude with this Mr. Chair.

5 It's not a question, that the most
6 important thing in order to keep people in New
7 York City and make sure our streets are safe, make
8 sure our streets are clean and make sure that our
9 educational system is working, that will drive New
10 Yorkers with wealthier incomes out of the City if
11 our streets are not safe. And I will love the
12 dialog with you more personally on that Mr. Page.
13 Thank you Mr. Chair.

14 CHAIRPERSON WEPRIN: thank you
15 Council Member. We've been joined by Council
16 Member David Yassky from Brooklyn. And the next
17 questioner is Council Member Leroy Comrie.

18 COUNCIL MEMBER COMRIE: Thank you
19 Mr. Chair. Good morning Mr. Page and to your
20 staff. I have a couple of questions. First I
21 want to just echo the concern of I guess a lot of
22 people that are sitting here on our side this
23 morning as to how you think this process is going
24 to move forward and what kind of spirit this
25 morning, in terms of how we're going to get

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detailed answers to our questions.

You've had a tradition in the past of providing those details and not hearing the detailed answers to the ACS question which I knew, I think everybody in this room knew it was going to be brought up this morning, is very disappointing. So I just want to get a sense from you on when do you think those detailed answers will be provided so that we can actually come to some final budget decisions together in a collaborative effort?

MR. PAGE: I would be happy to communicate with you, with the Finance staff, whoever wants to ask the question in a context--

COUNCIL MEMBER COMRIE:

[Interposing] So you're willing to do it--

MR. PAGE: --where we can actually put together the numbers and discuss the topic with you.

COUNCIL MEMBER COMRIE: So you're willing to do that in a meeting with the members or it's just a meeting--I'm confused as to what you envision the process 'cause this is the meeting with the members with you and your staff

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2 in the background here to give you the information
3 and the details. I, from my understanding and
4 tradition, are you talking about doing another
5 meeting with the members with your staff? Or is
6 this just going to be your Finance staff to our
7 Finance staff and memos that we send you
8 individually?

9 I don't really think that works. I
10 don't think that that's going to be helpful to the
11 process this year. I'm just trying to understand
12 what your focus is on this year because this is
13 not your usual style, with all due respect.
14 You're a very detailed-oriented person. Your
15 staff is normally detailed and oriented and has
16 all the facts and figures that we ask for.

17 So I'm a little confused as to this
18 new style and I'm just trying to get a handle on
19 it so that I can understand what we need to argue
20 about at these specific meetings. Because this is
21 our opportunity as a membership to ask you and
22 your staff questions to get the details back so
23 that we can then take it to our budget negotiation
24 team or the leadership team or to the Finance
25 staff to get the questions. But it seems to me

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2 today that you're asserting that you're not going
3 to provide the details to us--

4 MR. PAGE: [Interposing] I've not
5 said that at all.

6 COUNCIL MEMBER COMRIE: --
7 collectively.

8 MR. PAGE: I've not said that at
9 all.

10 COUNCIL MEMBER COMRIE: I--but
11 that's--that's--

12 MR. PAGE: [Interposing] I've
13 registered--the question's been asked about the
14 ACS numbers.

15 COUNCIL MEMBER COMRIE: Right.

16 MR. PAGE: This is actually
17 something that we've discussed before; the
18 proposal's been on the table for some time--

19 COUNCIL MEMBER COMRIE:
20 [Interposing] Extensively.

21 MR. PAGE: --and the last time I
22 was here we also discussed it. I think that at
23 that point I probably did have more numbers in my
24 head than I have at the moment on this subject.
25 And I said to your colleague who originally asked

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2 the question this morning that we'd be happy to
3 provide those answers on the numbers but I don't
4 have them at this moment. I am the Director of
5 the entire budget, it's \$59 billion and I've been
6 doing it for a while so that I do know a fair
7 amount about what I'm talking about but I don't
8 know everything and I don't remember every number.

9 COUNCIL MEMBER COMRIE: I'm not
10 disputing that you should have every number in
11 your head. What I am saying is that in the past,
12 and I'll say it again, you and your staff, which I
13 think I complimented you on your detail and your
14 specificity, has been able to do that. We've had
15 an extensive discussion on ACS at the Preliminary
16 Budget, myself and other members.

17 I thought we actually moved you at
18 certain point, dealing with the policy issues of
19 moving children for parents during the day,
20 especially in high commute areas. So I'm just
21 going to register my disappointment that those
22 specifics cannot be provided by you or your staff
23 at this particular time. And I'm concerned as how
24 in the process we're going to, as a group, get
25 that information. How do you envision that as a

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process? Like I'm--

MR. PAGE: [Interposing] In--

COUNCIL MEMBER COMRIE: --clear
that certain individual members will probably be
writing you letters but how do we as a group be
able to disseminate that information and how do
you see that as part of the process this year?

[Pause]

COUNCIL MEMBER COMRIE: I--you're
just-from--

MR. PAGE: [Interposing] I guess
that we--

COUNCIL MEMBER COMRIE: --from what
you're saying is that you're going to wait for a
letter from Councilman Fidler or Council Member
James and then expect them to disseminate the
information to the rest of the group? Is that
what you're saying or are you willing to--

MR. PAGE: [Interposing] I would
imagine that the most efficient way of doing it,
that obviously you understand your circumstances
better than I do, would be for us to communicate
with the Finance staff on the technical details of
numbers of that kind, and that, however you do

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2 this, it could--that information could be
3 distributed to all of the members--

4 CHAIRPERSON WEPRIN: [Interposing]

5 Mr. Page--

6 COUNCIL MEMBER COMRIE:

7 [Interposing] The problem with that--the--

8 CHAIRPERSON WEPRIN: --could I

9 just-

10 COUNCIL MEMBER COMRIE: --problem

11 with the technical detail sharing between staffs
12 is that it doesn't get into the policy issues or
13 the public issues regarding these particular
14 problems. And I'll just, I would say on ACS but I
15 could talk about education that Robert Jackson's
16 talked about or any of the details that you seem
17 to be non-detail oriented today about. And I just
18 have a general question about what the process is
19 going to be? And I would guess that would go both
20 to the Chair and to both staffs.

21 I'm very disappointed that there
22 seems to be a lack of information-sharing, the
23 policy on your part this morning. And I don't
24 understand how we as a body can just leave it to
25 staff to staff, with all due respect to both

1
2 staffs that are excellent on the technicalities,
3 but there are other issues at play here.

4 I'll move to my second question--

5 CHAIRPERSON WEPRIN: [Interposing]
6 Yeah, in fact, just a follow-up on that Mr. Page.
7 If the Finance staff at the end of day submits to
8 you detailed questions from the membership, how
9 long would it take you to get back to us so we can
10 distribute those answers while we still have
11 budget hearings?

12 [Pause]

13 MR. PAGE: It's, I mean it's very
14 hard to answer that question. I mean if you're
15 talking about a reasonable number of questions,
16 we'll be back to you very quickly. I mean if
17 you're going to, you know, it--I don't know what
18 the scope is of what you're talking about--

19 CHAIRPERSON WEPRIN: [Interposing]
20 All right, we'll--

21 MR. PAGE: --we will certainly do
22 our best to respond promptly to your inquiries.

23 CHAIRPERSON WEPRIN: Okay why don't
24 we do this? If members could contact the Finance
25 staff today with specific questions as to--that

1
2 require numbers and detail, we will submit them to
3 Mr. Page today and hopefully we'll get a detailed
4 response shortly and we can continue to bring them
5 up at budget hearings.

6 COUNCIL MEMBER COMRIE: Again Mr.
7 Chair I think that, you know, I'm still asking if
8 we're going to have a second public round of
9 opportunity to talk to Mr. Page and his excellent
10 staff. And I keep trying to be positive about
11 this 'cause I just don't, I don't understand why
12 we're having lack of detail at this point. But I-
13 -and I want to keep bringing that up.

14 So, you know, if there's an
15 opportunity to have a second round of public
16 discourse on this, I know that it's painful at
17 times and it certainly can be exasperating but I
18 think it's illuminating for the public at large
19 which we're trying to protect.

20 Just my last question, and I'd like
21 to come back for a second round of questions so
22 put me on the list, what do you see as--well let
23 me preface it. From my understanding and as far
24 as the City and the economics are concerned, the
25 only growth industry left in the City is the

1
2 entertainment industry and the cultural industry.
3 What plans has the City to try to enhance the
4 opportunities to ensure that entertainment and
5 culture will be able to continue to flourish?

6 I would preface that by saying that
7 in reading in the papers recently, it seems the
8 Tribeca Film Festival, other cultural institutions
9 have actually had increases in opportunities,
10 restaurants, with realigning their budgets,
11 they've actually had an increase in opportunities.

12 And I don't see anything in the
13 budget that talks about the issue of maintaining
14 the ability of our entertainment and cultural
15 industry which would be the only thing to keep
16 businesses in the area, since New York is the
17 entertainment, one of the entertainment capitals
18 of the world, what is going to be done to try to
19 increase that industry which is the only growth
20 industry that I see? Or do you see any other
21 growth industries in the City? And what is the
22 City doing to try to stimulate growth on any
23 industry to generate revenue?

24 [Pause]

25 MR. PAGE: We are trying to

1
2 basically advertise New York City as a tourist
3 destination. I think much more carefully than we
4 have up to now which I think will hopefully
5 provide more business for the kinds of things that
6 you're talking about. On this question of whether
7 those are the only growth industries, I would
8 certainly hope that they were not the only growth
9 industries in New York City.

10 Those are important but so are
11 banking, law, publishing, accounting, business
12 consulting [pause]. Yes, restaurants, some
13 manufacturing that goes on in New York City.

14 [Pause] I would hope that it, the entire gamut of
15 New York City's economy would reasonably soon stop
16 contracting and start expanding again in which
17 case you're looking at the overall economy of the
18 City, hopefully, growing.

19 And I think that that's something
20 that we try to do in just about everything that
21 the City provides in terms of spending and
22 service, education, roads, parks, sanitation, fire
23 protection, hospital system, homeless services.
24 There's a whole gamut of services that we provide
25 for the quality of living and doing business in

1
2 this town that I believe ultimately are the
3 foundation of whatever economic stability and
4 growth we should be striving for.

5 COUNCIL MEMBER COMRIE: Have you
6 identified any other growth industries in--at--

7 MR. PAGE: [Interposing] I think I
8 would say that they all are. I mean there are
9 very few that are growing at this moment but even
10 without growth, there are many industries in this
11 town that are, that occupy a larger portion of our
12 economy and tax base than culture and
13 entertainment. I mean I don't know whether health
14 is actually growing at this point, it's probably
15 close to it. I think it is growing as a matter of
16 fact--

17 COUNCIL MEMBER COMRIE:
18 [Interposing] Health is growing but unfortunately
19 it's not growing strong enough in Queens. But
20 that's another discussion. I only have two
21 questions but I just want to plant something for
22 thought. You know, the first four industries that
23 you named, banking, law, publishing and
24 accounting, can all be done over the internet now.
25 And I just want to assert that if we don't have

1
2 the strong secondary industries such as culture,
3 restaurants and entertainment, we can lose those
4 industries to other places.

5 So, you know, I think that one
6 begets the other and I understand we have to have
7 a strong infrastructure and strong parks and other
8 things also. I understand that and I believe in
9 that. And I want to fund that. But I think that
10 collectively we need to work on making sure that
11 we keep all of the businesses here by giving
12 people--and from what I've read in all of the
13 papers, people want to have opportunities to let
14 off some steam. People want to have opportunities
15 to enjoy themselves. Those industries actually
16 are in the face of the economy still doing well.
17 And I think we need to figure out better ways to
18 support them. Thank you Mr. Chair.

19 CHAIRPERSON WEPRIN: Thank you
20 Council Member. Council Member John Liu.

21 COUNCIL MEMBER LIU: Thank you Mr.
22 Chairman. Dave, thank you for your continuing
23 graciousness. Mr. Page, hopefully my question
24 will not be too specific and detailed for you.
25 It's a simple question which is what is the makeup

1
2 of the \$5 billion in surplus resources that is
3 being used--from prior years, that's being used to
4 balance the budget for 2010?

5 MR. PAGE: Money. It's partly
6 money that will be used at the end of this year to
7 prepay expenses--

8 COUNCIL MEMBER LIU: [Interposing]
9 Right, so--

10 MR. PAGE: --from next year. And
11 it's partly money that we used over the last few
12 years to basically prepay debt that would
13 otherwise come due next year.

14 COUNCIL MEMBER LIU: So how much of
15 the \$5 billion is expenses that were prepaid from
16 prior fiscal years?

17 MR. PAGE: How much of it is
18 prepaid debt?

19 COUNCIL MEMBER LIU: Yeah. No, no,
20 prepaid expenses. Prepaid operating expenses.

21 MR. PAGE: Well that's the other
22 side of the equation, just one second.

23 COUNCIL MEMBER LIU: That's a
24 fundamental part of the equation, prepaying debt
25 because we're not allowed to have a budget

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2 stabilization account.

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[Pause]

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MR. PAGE: In our current plan for
5 Fiscal Year '10, prior debt defeasance which means
6 it's no loner due but the money is against it in
7 prior years is about \$2.7 billion. And we--

8

COUNCIL MEMBER LIU: [Interposing]

9

No Mr. Page, come on. There's a certain--there's
10 a difference between what we expect in revenues
11 from 2010 and what we expect to spend in 2010.

10

11

12

And a larger part of the budget gap, by your own
13 testimony, is what you term surplus resources from
14 prior years.

13

14

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MR. PAGE: Yes.

16

COUNCIL MEMBER LIU: That's not,

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that's not the retirement of debt. That is--

18

MR. PAGE: [Interposing] Yes it is

19

the retirement of debt, as a matter of fact if we
20 hadn't--

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21

COUNCIL MEMBER LIU: [Interposing]

22

No it isn't.

23

MR. PAGE: --taken the action to

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prepay the debt we would have \$2.7 billion--

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COUNCIL MEMBER LIU: [Interposing]

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Well you--

MR. PAGE: --additional debt service in '10 to pay out of whatever resources we had in '10--

COUNCIL MEMBER LIU: [Interposing]
All right. I'm trying to keep you calm with my questions, okay. I'm not, I'm not trying to rile you up here. You know, I know what you're saying about paying, prepaying debt. But there's a budget deficit, there's a gap in the expected income and expenses right now--

MR. PAGE: [Interposing] Yes.

COUNCIL MEMBER LIU: All right.
That, the retired debt, that's already part, that's already been factored into what needs to be paid in terms of operating expenses which includes your debt service.

MR. PAGE: We've already reduced our debt service expense by that amount because of the deliberate actions taken by this body and the Administration over the last few years--

COUNCIL MEMBER LIU: [Interposing]
So you're--

MR. PAGE: --to prepay debt that

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2 would otherwise come due in '10.

2

3

COUNCIL MEMBER LIU: Mr. Page.

4

Retiring debt is--I don't think you could

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characterize that as surplus resources here.

6

You're saying in your testimony, \$5 billion in

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surplus resources. I understand what you're

8

saying about debt retirement and I think that was

9

the right thing to do. But that's debt that's

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been retired. It's no longer part of the

11

equation--

12

MR. PAGE: [Interposing] True.

13

COUNCIL MEMBER LIU: --you can't

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characterize that as surplus resources. You're

15

saying in your testimony \$5 billion in surplus

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resources from prior years.

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MR. PAGE: Yes.

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COUNCIL MEMBER LIU: I'm saying to

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you what is that? Obviously--well not obviously

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but based on the preliminary hearings a large

21

chunk of that, I presume that's what you're

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including in these surplus resources would be

23

pulling back a couple billion dollars from the

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health care reserve. Is that true or not true--

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MR. PAGE: [Interposing] No it's

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not true.

COUNCIL MEMBER LIU: So what's the makeup of this \$5 billion in surplus resources?

MR. PAGE: The way you realize the benefit of resources from a prior period, from a prior year in a current year in New York City is you basically use the money ahead to pay expenses--
-

COUNCIL MEMBER LIU: [Interposing]
Right, prepaid expenses--

MR. PAGE: --that would otherwise hit you in that year.

COUNCIL MEMBER LIU: Sure.

MR. PAGE: And--

COUNCIL MEMBER LIU: So is it all--

MR. PAGE: [Interposing] Pre--

COUNCIL MEMBER LIU: --is it just \$5 billion of prepaid expenses meaning operating expenses that you would have expected to pay in Fiscal '10 that you were somehow able to pay in Fiscal '09?

MR. PAGE: That's \$3 billion of it--
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COUNCIL MEMBER LIU: [Interposing]

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Okay so what's the other \$2 billion--

MR. PAGE: --and \$2.7 billion of it is also expenses that would otherwise have been due in '10, some of which we prepaid, I don't know the years offhand, not in '09, but probably '08 and before in terms of prepaying debt.

COUNCIL MEMBER LIU: So the \$5 billion is all prepaid expenses.

MR. PAGE: Yeah.

COUNCIL MEMBER LIU: Okay. So at the preliminary budget hearings you talked about how part of balancing the budget required pulling back \$2 billion from the health care reserve--

MR. PAGE: [Interposing] No it didn't.

COUNCIL MEMBER LIU: --is that no longer on the table?

MR. PAGE: No I didn't. I'm sorry. If I did--

COUNCIL MEMBER LIU: [Interposing] Yes you did.

MR. PAGE: --we have \$82 million of health care reserve benefit in--

COUNCIL MEMBER LIU: [Interposing]

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No you have--

MR. PAGE: --'10--

COUNCIL MEMBER LIU: --\$3 billion.

\$3 billion that the Administration over the last few years have committed to setting aside for the purposes of meeting obligations for retiree medical benefits.

MR. PAGE: Retiree medical benefits, we put aside--

COUNCIL MEMBER LIU: [Interposing] \$3 billion. I'm not trying to get at detail here. I'm at the billions.

MR. PAGE: \$2.5 billion.

COUNCIL MEMBER LIU: \$2.5 billion.

MR. PAGE: We have put aside \$2.5 billion in a fund for retiree health benefits. We're told by our accountants that at this point we have a liability that we're supposed to be carrying to the tune of \$60-some billion.

COUNCIL MEMBER LIU: Right.

MR. PAGE: We have \$2.5 billion in it.

COUNCIL MEMBER LIU: Okay.

MR. PAGE: And in this plan, as was

1
2 true in January, we are continuing an earlier
3 proposal to use I think \$82 million from that
4 source to offset the cost of diminished equity
5 value in pension funds.

6 COUNCIL MEMBER LIU: So you--

7 MR. PAGE: [Interposing] That is
8 '10, that number goes up in the out years of the
9 plan.

10 COUNCIL MEMBER LIU: Okay so that
11 that means that the reserve that the
12 Administration has already been putting aside, I
13 thought it was \$3 billion but you're correcting
14 me, it was \$2.5 billion.

15 MR. PAGE: Yeah.

16 COUNCIL MEMBER LIU: \$2 billion in
17 1 year and half a billion the following year.

18 MR. PAGE: I think it was \$1.5
19 billion and \$1 billion and I think with interest
20 it's now worth \$2.6 billion.

21 COUNCIL MEMBER LIU: Okay and
22 you're proposing only to take out \$82 million so
23 that at the end of this budget process, if the
24 Executive--I'm sorry if the Executive Budget as
25 you're testifying to today was passed--

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MR. PAGE: [Interposing] Yes.

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COUNCIL MEMBER LIU: --without

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changes.

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MR. PAGE: Yes.

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COUNCIL MEMBER LIU: There would

6

still be \$2.5 billion left in that reserve--

7

MR. PAGE: Yes--

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COUNCIL MEMBER LIU: --in that--

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MR. PAGE: --yes. If you look at

10

'10, the fact of the prior surpluses of about \$5

11

billion and the stimulus money of about \$2 billion

12

means that we're balancing our '10 budget as we've

13

proposed it to you with \$7 billion of 1-shots.

14

COUNCIL MEMBER LIU: Okay.

15

MR. PAGE: And there's the \$2.5

16

billion health reserve still sitting out there.

17

But we've balanced this one with \$7 billion of 1-

18

shots. And I don't see the same kind of 1-shots

19

sprouting out of the ground in '11, '12, the

20

foreseeable future. Maybe the Feds will continue

21

the stimulus money at some level. And we've got

22

about \$900 million of it and some left over FMAP

23

in '11 already and then it drops into nothing at

24

'12. Maybe that'll continue at some level but I

25

1
2 don't see where the \$5 billion of cumulative
3 surplus is going to come from for the other piece
4 next year.

5 COUNCIL MEMBER LIU: Well right--

6 MR. PAGE: [Interposing] I guess, I
7 just--

8 COUNCIL MEMBER LIU: --that's why
9 I'm asking this because it is several billion
10 dollars of 1-shots.

11 MR. PAGE: The--

12 COUNCIL MEMBER LIU: [Interposing]
13 I just wanted to get a sense from you--

14 MR. PAGE: --FY '10 budget has a
15 very significant amount of 1-shot money--

16 COUNCIL MEMBER LIU: [Interposing]
17 \$7--

18 MR. PAGE: --balancing it as we
19 have proposed it.

20 COUNCIL MEMBER LIU: Right. \$7
21 billion.

22 MR. PAGE: Roughly, yes.

23 COUNCIL MEMBER LIU: About \$2
24 billion from the stimulus funds and \$5 billion of
25 prepaid expenses.

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MR. PAGE: Yes.

COUNCIL MEMBER LIU: That was my question.

MR. PAGE: That's it.

COUNCIL MEMBER LIU: And nothing coming out of the retiree medical--

MR. PAGE: [Interposing] Not significant in '10.

COUNCIL MEMBER LIU: Okay. \$82 million.

MR. PAGE: Yeah.

COUNCIL MEMBER LIU: Thank you. Thank you Mr. Chair.

CHAIRPERSON WEPRIN: Thank you Council Member. We've been joined by Council Member Eric Gioia from Queens. The next questioner is Council Member Vincent Ignizio.

COUNCIL MEMBER IGNIZIO: Thank you very much. Mr. Page, Mr. Kline and the entire staff. I'm up here Mr. Page.

MR. PAGE: Sorry.

COUNCIL MEMBER IGNIZIO: That's okay. I want to talk about zombies; the zombie that we tried to kill many times in this City and

1
2 yet it always seems to come back and that is the
3 sales tax on clothing. In '99 it was slayed but
4 came back and reared its ugly head in 2003. In
5 2006 it was slayed and yet here we are again, it's
6 coming back out of the zombie closet there is.

7 In the context of a five Borough
8 economic stimulus plan, in the context of we need
9 to assure, make sure that we increase our economy
10 throughout all the five Boroughs, as we're
11 hearing, in both of those times when it was done
12 away with, I was present, both in the Giuliani
13 days and the Bloomberg days.

14 And the Mayors at the time both
15 said what a great day this is. We're going to
16 create whatever the number is 3,000 jobs, 2,000
17 jobs, whatever. What I'm learning here and what
18 I'm concerned about Mr. Page is that those numbers
19 don't show themselves in reverse. When we are
20 cutting the tax and we're doing away with it we
21 know exactly how many jobs we're going to create
22 in this City. We're going to create 3,000 jobs
23 and people are going to go to work, isn't that
24 wonderful.

25 However, when we're doing away with

1
2 the tax, I don't know, I'd have to check, maybe my
3 staff knows, somebody knows. I don't know, nobody
4 knows. I want to know how many jobs that there
5 stand to be eliminated because of people engaging
6 in their opportunity to flee this City and
7 particularly I represent a border District, to go
8 over the bridge to New Jersey and spend their
9 money there. That was the reasoning why we did
10 away with it in those many years with great
11 fanfare from both this Administration and the
12 previous.

13 So my first question is how do we
14 quantify that number and how does this Council
15 know such that in time--I served in Albany and
16 Albany's not the fastest place in the world, if
17 there's not a bill in now, enactment by June 1st
18 is--I think, pie in the sky, but how does that
19 occur?

20 MR. PAGE: I--

21 COUNCIL MEMBER IGNIZIO:

22 [Interposing] Not that they pass it, the number
23 that we can see of the deleterious impact of
24 decrease of employment because of the increase in
25 sales tax on clothing. Question one.

1
2 MR. PAGE: Well I guess one staff
3 estimate that's been mentioned here this morning
4 is 1,200. I don't think we have a job number...

5 COUNCIL MEMBER IGNIZIO: But Sir,
6 respectfully--

7 MR. PAGE: [Interposing] It's.

8 COUNCIL MEMBER IGNIZIO: --wasn't
9 it your shop who put out a number when it was done
10 away with?

11 MR. PAGE: Probably.

12 COUNCIL MEMBER IGNIZIO: So what--
13 couldn't we get that very easily, run that number
14 in reverse?

15 MR. PAGE: I mean we could--you
16 know, you can come up with numbers based on
17 bunches of assumptions in forecasts. I guess the
18 problem that I believe we're up against here is we
19 have \$400 million in revenue that we could get
20 from this source.

21 COUNCIL MEMBER IGNIZIO: Yes Sir.

22 MR. PAGE: And if we don't get the
23 \$400 million of revenue here, are we going to get
24 that amount of revenue somewhere else or are we
25 going to cut it? And--

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COUNCIL MEMBER IGNIZIO:

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[Interposing] I appreciate that Sir--

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MR. PAGE: --what are the

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consequences of either of those choices in terms
of quality of life in New York City and our
competitive position as a City overall? And--

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COUNCIL MEMBER IGNIZIO:

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[Interposing] No I appreciate that Sir. I'm
talking numbers too though--

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MR. PAGE: --that's the problem.

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COUNCIL MEMBER IGNIZIO: I'm

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talking about there is some decrease in the fact
that people will have to be laid off and the fact
that people won't be working those jobs and then
they won't be paying taxes. I'm just trying to
quantify that in the context of this budget. I
appreciate that it's difficult to do but it wasn't
as difficult to do when we did away with it. But--
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MR. PAGE: [Interposing] We believe

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that we've accounted for some competitive loss in
our revenue forecast on that increase.

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COUNCIL MEMBER IGNIZIO: Yes Sir.

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I'd like to have a follow-up conversation with

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1
2 you, perhaps about that. My second question is
3 regarding what some people used to call sweeps,
4 some people call, I don't know, extra money. Was
5 money such as decrease in oil prices--

6 MR. PAGE: [Interposing] Yeah.

7 COUNCIL MEMBER IGNIZIO: --is that
8 all factored into the PEGS that they then, you
9 know, we got these savings so that comes off my
10 PEG number, how is that affected? I mean the one
11 positive is our decrease in oil costs and maybe
12 costs throughout for construction. Are those
13 savings that--are they recognized somehow?

14 [Pause]

15 MR. PAGE: The Executive Budget
16 that we proposed to you reflects our forecast of
17 what energy costs are going to be.

18 COUNCIL MEMBER IGNIZIO: Yes Sir.

19 MR. PAGE: So that, and I think
20 it's actually an estimate we did as of January. I
21 don't think we've changed it significantly
22 although we looked at the topic. It's not; we
23 have not explicitly included it as a PEG element.

24 COUNCIL MEMBER IGNIZIO: Okay.

25 MR. PAGE: On the other hand, we

1
2 have taken the benefit of lower energy costs in
3 the overall package so that all things being equal
4 it meant that the PEG we were asking agencies to
5 deliver was smaller than it would have been
6 otherwise.

7 COUNCIL MEMBER IGNIZIO: And easier
8 to deliver too--

9 MR. PAGE: [Interposing] Yes
10 hopefully.

11 COUNCIL MEMBER IGNIZIO: --okay.
12 Okay. That's fair. Thank you very much Mr.
13 Chairman, and for taking the time and please take
14 time, Mr. Page, I look forward to having an
15 increased conversation regarding the property tax
16 on clothing which won't--

17 MR. PAGE: [Interposing] Fine.

18 COUNCIL MEMBER IGNIZIO: --happen
19 before June 1st. Thank you very much.

20 CHAIRPERSON WEPRIN: Thank you
21 Council Member. Council Member Helen Sears.

22 COUNCIL MEMBER SEARS: Thank you
23 Mr. Chair. Here that's on now, I guess. Can you
24 hear me?

25 MR. PAGE: Yes.

2 COUNCIL MEMBER SEARS: This thing
3 never works. Okay great. Good morning.

4 MR. PAGE: Good morning.

5 COUNCIL MEMBER SEARS: I have just
6 one question really; the second one is going to
7 Finance. And that's on the ACS, urging that you
8 reconsider, because there's just no room in our
9 public schools for the transfer of those kids, not
10 in the most densely populated Districts. And I
11 don't know where they're going to go so I think
12 that this is something that has to be reevaluated.

13 The question I asked when you came,
14 I think, in December or January, was that at that
15 time large firms were asking for their prepayments
16 back. And you thought you would have a better
17 handle in January or February as to exactly where
18 we were with that. Can you just even
19 approximately, I know you don't really have
20 specific numbers and I'm not asking for them, but
21 where does that fit in the amount, the shortfall
22 that we're faced with as we go into budget
23 negotiations?

24 MR. PAGE: The revenue forecasts
25 that we're working with in this budget includes a

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2 somewhat higher level of refunds than--

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COUNCIL MEMBER SEARS:

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[Interposing] Um-hum. Okay.

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6 MR. PAGE: --we would normally
7 expect. So that the revenues are net of that
8 factor already. And I will try to [Pause].

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COUNCIL MEMBER SEARS: Um-hum.

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10 MR. PAGE: I'm sorry; I'll get you
11 the specific--

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COUNCIL MEMBER SEARS: [Interposing]

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13 That's okay. If you can do that 'cause I think
14 those numbers are substantial.

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[Pause]

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16 MR. PAGE: all right. I'm told
17 that the increase in refunds year over year on
18 corporate taxes is 42% which is what number?

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[Pause]

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20 MR. PAGE: And the banking refunds
21 are about double what they were a year ago--

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COUNCIL MEMBER SEARS:

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[Interposing] Okay.

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24 MR. PAGE: --but we'll get you what
25 the numbers are in that but those numbers are in
fact factored into--when we pay a refund it comes

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2 off the--

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COUNCIL MEMBER SEARS:

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[Interposing] All right but my question was--

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MR. PAGE: --amount of revenue

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we're recognizing at the time we pay the refund.

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It literally takes the current revenue down.

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COUNCIL MEMBER SEARS: Okay.

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Because earlier you had said that you anticipate

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that--

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MR. PAGE: [Interposing] Yes.

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COUNCIL MEMBER SEARS: --when you

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do a general budget. So I think my follow-up was

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is that anticipation less or is it much higher

15

than it was because how long a period do you have

16

in which to refund those dollars?

17

MR. PAGE: I think it's two years

18

after the close of the tax year. The tax payer

19

can ask for a refund. And I think that a sort of

20

related factor here is if you have losses, you

21

don't actually ask for a refund but you can deduct

22

the losses from what would otherwise be your

23

taxable income. And that runs for [off mic,

24

pause]. Basically I think the offset on current

25

income is five years. So one of the things--

2 COUNCIL MEMBER SEARS:

3 [Interposing] Um-hum.

4 MR. PAGE: --that we've talked
5 about from time to time that concerns us is even
6 with the recovery of the finance sector which we
7 certainly hope will happen here, the recovery of
8 our tax revenue from the business side--

9 COUNCIL MEMBER SEARS:

10 [Interposing] Um-hum.

11 MR. PAGE: --of that sector is
12 likely to take a while. Although presumably the
13 more they recover, the more people they hire, the
14 more they pay in salaries, so at least we get the
15 taxes and the economic benefit of individuals
16 making money.

17 COUNCIL MEMBER SEARS: Um-hum. I'm
18 just thinking ahead in terms of 2011. So we'll
19 wait to see what happens with that 'cause
20 certainly in these 1-shot deals, they're not going
21 to help us that much. I mean when we get to 2011-
22 -

23 MR. PAGE: [Interposing] I guess
24 that I would hope that as a practical matter to
25 the extent firms have the refund potential, we're

1
2 probably getting hit with it right now. And I
3 don't know why they'd leave the money with us as a
4 bank as opposed to sitting on it themselves.

5 COUNCIL MEMBER SEARS: Um-hum.
6 You're absolutely right. Thank you very much.
7 Thank you Mr. Chair.

8 CHAIRPERSON WEPRIN: Thank you
9 Council Member. Council Member Koppell.

10 COUNCIL MEMBER KOPPELL: I share my
11 colleague's concerns with the sales tax and I
12 don't think there's been enough attention paid,
13 from what I hear, to not only the, you know, both
14 tax increases, that is putting back the tax on
15 clothing and increasing the sales tax. You
16 increase the sales tax you also drive people out
17 of the City. And there with the clothing I
18 suppose you don't lose taxes that you're not now
19 getting but on the sales tax, you'd lose sales
20 taxes you're now getting. You'd lose your 9% or
21 whatever it is or 8% go to 9% but you increase 1%
22 on those sales you make but you lose, huh, you
23 lose 8% on the sales that you lose.

24 And so that both sales tax
25 increases have a very negative effect. Further

1
2 more you drive shoppers to New Jersey and they'll
3 by things other than clothing and you'll lose
4 therefore the sales tax you gain here on that and
5 you lose the income tax of the people whose jobs
6 will be taken away, you'll lose the income tax on
7 the businesses that will be doing worse. I think
8 there's a lot of downside in addition to the sales
9 tax being a regressive tax. So I'd like to look
10 to alternatives. I appreciate the fiscal position
11 we're in.

12 First in the past and as you know
13 I've been in government for many, many years, we
14 have dealt with difficult circumstances with
15 income tax surcharges which are temporary and have
16 a sunset. And I'm not now only talking about a
17 surcharge on people over \$300,000. I think
18 everybody should share. People who earn less,
19 they pay less tax. If we took a percentage surtax
20 on the income tax, what percentage would we need
21 to make up the \$900 million approximately on the
22 sales tax? A straight surtax on everybody who
23 pays income tax to the City.

24 [Pause]

25 MR. PAGE: Well the current

1
2 personal income tax revenue is about \$6 billion.

3 COUNCIL MEMBER KOPPELL: So we
4 would have to do about a 15% bump to pick up the
5 about \$900 million to \$1 billion, right? About a
6 15%. And I think that's important to put that on
7 the table but I appreciate it. We both kind of--I
8 guess we can agree on the amount.

9 There's another tax and I don't
10 know exactly how much it would raise but I believe
11 I'm correct in saying that the City gets money
12 from a mortgage recording tax whenever there's a
13 new mortgage recorded.

14 MR. PAGE: Yes.

15 COUNCIL MEMBER KOPPELL: And that's
16 City revenue. I think you my--

17 MR. PAGE: [Interposing] There's a
18 piece of it that's City revenue yes.

19 COUNCIL MEMBER KOPPELL: Yeah. Now
20 I think you may or you may be aware of the fact
21 that when you purchase a co-op, you don't pay
22 mortgage recording tax because you don't record a
23 mortgage, you record a financing statement.
24 Correct?

25 MR. PAGE: I think that's right.

1
2 COUNCIL MEMBER KOPPELL: Yes. Have
3 you considered providing for--and since in a condo
4 by the way which is very close to a co-op, you do
5 pay mortgage recording tax 'cause condo is
6 actually viewed as an interest in land. Have you
7 looked into the possibility of providing for, and
8 I realize you probably need State legislation, but
9 you need it for the sales tax too, have you looked
10 into the possibility of a mortgage recording tax
11 or the equivalent of a mortgage recording tax on
12 co-ops?

13 MR. PAGE: I think we have looked
14 at it from time to time and I think your equity
15 point is a point. There's--

16 COUNCIL MEMBER KOPPELL:
17 [Interposing] [Chuckling] A good point, right?
18 Not just a point.

19 MR. PAGE: We are at this moment up
20 against a significant revenue need for Fiscal Year
21 '10 and real estate transactions are not moving
22 much in New York City overall at the moment. I
23 mean one of our revenue problems is the drastic
24 drop in what we talk about is the transfer tax but
25 it's the mortgage recording and..

2 COUNCIL MEMBER KOPPELL: Transfer
3 tax.

4 MR. PAGE: Transfer tax, yeah.

5 COUNCIL MEMBER KOPPELL: Well I
6 realize that but I mean co-ops are still being
7 sold and bought, maybe not as many--

8 MR. PAGE: [Interposing] It's
9 common.

10 COUNCIL MEMBER KOPPELL: --as in
11 past years and maybe even a little bit of a
12 reviving of that market if I read the papers
13 correctly. But I think it would be worth looking
14 at. It is a real question of equity in my view.
15 I don't see any reason why we should charge
16 someone a tax for putting a lien on a condo and
17 not for putting a lien on a co-op. I mean it
18 doesn't make any sense, in an equity sense. It
19 makes sense 'cause it's a different type
20 transaction but if you look underneath--

21 MR. PAGE: [Interposing] Um-hum.

22 COUNCIL MEMBER KOPPELL: --the type
23 of transaction it makes sense. And it has been
24 occasionally raised I know--

25 MR. PAGE: [Interposing] Yeah.

2 COUNCIL MEMBER KOPPELL: And I
3 would urge that it's kind of an easy one in my
4 view. So I'd appreciate your looking at it.

5 [Crosstalk]

6 MR. PAGE: And we could have--

7 COUNCIL MEMBER KOPPELL: Maybe you
8 could get back to us. I know our Fiscal staff is
9 here and I would ask Mr. Chairman, also to look at
10 it from our point of view but maybe we could come
11 up with an estimate of what it might raise. I'm
12 sure it won't close the whole gap but it'd
13 probably raise a fair amount of money.

14 MR. PAGE: I think that when we
15 looked at it, a preliminary estimate on the number
16 is it's about \$60 million if you brought it in
17 line with comparable properties.

18 COUNCIL MEMBER KOPPELL: Well.

19 MR. PAGE: So that's--

20 COUNCIL MEMBER KOPPELL:
21 [Interposing] It's more than I have in my bank
22 account.

23 [Chuckling]

24 MR. PAGE: Really?

25 COUNCIL MEMBER KOPPELL: Yes. So

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2 anyway I think you should look at it.

2

3

[Chuckling]

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COUNCIL MEMBER KOPPELL: I think

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you should look at it. That's another--and I

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think also that I personally would tell you right

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now that I would vote for a temporary income tax

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surcharge of 15% on everybody who pays income tax

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in preference to the sales tax proposals. But

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that's my view. I think the Administration should

11

look at it--

12

MR. PAGE: [Interposing] I think

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that it's worth--my earlier point on the sales tax

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that about a quarter of it is actually paid by

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tourists and commuters in New York City is worth

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noting because one of our problems with our income

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tax structure is that many people who work here

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and are comparatively highly paid don't live here

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and therefore are outside of our taxing

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jurisdiction, as well as the problem of the

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ability of individuals to manipulate where they're

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deemed resident, i.e. whether we can hold onto our

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taxing jurisdiction of them as we increase the

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incentive for them, and I can't remember the

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number of days but you just have to be outside of

1
2 the City for, how many days a year now can we [off
3 mic].

4 COUNCIL MEMBER KOPPELL: I think
5 it's more than half a year.

6 MR. PAGE: I think it's like just a
7 day more than half the year.

8 CHAIRPERSON WEPRIN: Mr. Page I'm
9 glad you brought that up and I can't resist by
10 jumping in, I agree 100% with that last comment,
11 why then is the Administration not going to Albany
12 to ask to reinstate a non-resident income tax,
13 something that we in the Council have been
14 advocating for eight years now. And this, I would
15 think if there ever was a year that the
16 Administration should be actively lobbying in
17 Albany for a non-resident income tax it should be
18 this year. Why are you not doing it?

19 MR. PAGE: It's probably been a
20 subject of discussion between us and Albany many
21 times in the last year as it has been for years.
22 I think it has to do with our estimate of the
23 likelihood of getting it and the very concrete
24 need for additional revenue to operate New York
25 City next year and going forward.

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2 CHAIRPERSON WEPRIN: Well if you
3 don't ask for it, the possibility is probably zero
4 or close to zero. I mean, you know, you've got to
5 at least make the ask. I mean is that something
6 that you'd be prepared to do?

7 MR. PAGE: You know, I [Pause] I'm
8 not even sure that you're right that we haven't
9 asked, you know, sort of every third conversation
10 sort of brings up the fact that of course it would
11 be nice to have a commuter tax.

12 CHAIRPERSON WEPRIN: Well I bring
13 it up but I don't think the Administration has.

14 MR. PAGE: Have you lined up
15 enthusiasm among our fine legislature in Albany?

16 CHAIRPERSON WEPRIN: You know I
17 think it's certainly a preferable approach than
18 trying to do a regressive sales tax that could
19 potentially result in a significant loss of jobs.

20 MR. PAGE: You see I think that
21 given the quarter of the burden and I also observe
22 that 40% of what's paid by households is actually
23 paid by the top 20% in terms of household income.
24 I'm not sure it's as regressive as you initially
25 would characterize it when you look into the

1
2 details of it. And in terms of our competitive
3 position, our proposal keeps us under 8%, I'm
4 sorry under 9%.

5 And I think would actually give us
6 the revenue we're seeking The timing issue is one
7 that is extremely sensitive. If we don't manage
8 to get it very soon, the fact of the matter is
9 that the Administration of the sales tax probably
10 means you lose a quarter of it for next year. So
11 that not only, I mean, it would be unfortunate to
12 get the tax and not get the money because we
13 didn't manage the timing.

14 CHAIRPERSON WEPRIN: Okay. So I
15 think we can debate this for a while but I would
16 strongly advocate and I know my colleagues agree
17 with me that we should at least make an attempt to
18 bring up this year of all years reinstatement of
19 the non-resident income tax. The next questioner
20 is Council Member Alan Gerson.

21 COUNCIL MEMBER GERSON: Thank you
22 Mr. Chair. Good afternoon Mr. Page, Mr. Kline.
23 As my first of two, I'd just like to probe a
24 little bit more into those details of the sales
25 tax and continue a conversation we just began at

1
2 the briefing. Now you provide under your
3 testimony very helpful and detailed as to who pays
4 the sales tax. Could you provide similar detail
5 as to the breakout of sales tax revenue by cost of
6 good?

7 In other words--subject to the
8 sales tax, of course, in other words, of the \$900
9 million projected in sales tax revenue, how much
10 is coming from what are deemed luxury goods as
11 opposed to staples? Of the clothing tax, could we
12 have an analysis how much of the overall revenue
13 is coming from, you know, the types of suits that
14 Bernie Madoff use to purchase but I take it no
15 longer does as opposed to the type of suits that I
16 purchase--

17 CHAIRPERSON WEPRIN: [Interposing]
18 He'll be purchasing new suit.

19 COUNCIL MEMBER GERSON: But--

20 MR. PAGE: [Interposing] You will
21 be, it's the taxes that purchased them--sorry.

22 COUNCIL MEMBER GERSON: No that is
23 true--

24 [Crosstalk, laughter]

25 COUNCIL MEMBER GERSON: Those are

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2 low cost--

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CHAIRPERSON WEPRIN: We should--
have people pay for their own suits.

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COUNCIL MEMBER GERSON: Could we--
and I ask this in an effort to, you know,
understand the--

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MR. PAGE: [Interposing] Yeah.

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COUNCIL MEMBER GERSON: --
underlying sources, maybe we can introduce a
greater degree of progressivity into the sales
tax. And also avoid some of the competitive
disadvantage. My hunch is that there's greater
elasticity in terms of the lower or middle cost
category than the upper. Maybe a little bit,
slightly greater increase at certain levels could
offset continuing certain exemptions. Do you have
that kind of analysis here? Could you provide it
to us?

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MR. PAGE: I mean the information
isn't great. The obvious one is the clothing, all
clothing versus only clothing over \$110. And that
is under \$110 is about two-thirds the revenue in
that case. So I think it's--

25

COUNCIL MEMBER GERSON:

[Interposing] Compared to the \$500 million projected--

MR. PAGE: [Interposing] \$400 million.

COUNCIL MEMBER GERSON: \$400 million--

MR. PAGE: [Interposing] Yeah.

COUNCIL MEMBER GERSON: --excuse me from under \$110.

MR. PAGE: Yeah. I--we could look at, you--sales tax is paid on things like utilities and things of that kind that are not actually individual payers. And I think that we actually have that kind of information. I think that breaking down the sort of categories of retail purchase by sale tax; I don't know what we have.

COUNCIL MEMBER GERSON: Well could I--could we leave it at this for now? Could I ask you to go back and take a look--

MR. PAGE: [Interposing] Yeah.

COUNCIL MEMBER GERSON: --at whatever information you have.

MR. PAGE: Yeah.

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2 COUNCIL MEMBER GERSON: and provide
3 that to me, to the Committee--

4 MR. PAGE: [Interposing] Yes.

5 COUNCIL MEMBER GERSON: --as part
6 of the follow-up and then we can continue the
7 conversation--

8 MR. PAGE: [Interposing] Yes.

9 COUNCIL MEMBER GERSON: --I think
10 you know where I'm trying to go--

11 MR. PAGE: [Interposing] Yeah.

12 COUNCIL MEMBER GERSON: --or at
13 least explore. And it makes sense--

14 MR. PAGE: [Interposing] Yeah. I
15 mean you want to nail Tiffany's but you know they
16 have a branch in Bar Harbor or wherever, I have no
17 idea whether it's Bar Harbor or--no that's Maine
18 isn't it. Where--it's Florida. Well maybe Bar
19 Harbor, Maine, too. I mean--

20 COUNCIL MEMBER GERSON:
21 [Interposing] Well they just opened a branch in my
22 District so we love Tiffany's--

23 MR. PAGE: [Interposing] [Laughing]

24 COUNCIL MEMBER GERSON: --but the
25 point is--but even in Tiffany's there's a range.

1
2 I just, you know, there is a range of, you know,
3 the multimillion dollar rubies and, you know, so I
4 just think with information, you know, we might be
5 able to, you know, fine tune--

6 MR. PAGE: [Interposing] I hear
7 your point--

8 COUNCIL MEMBER GERSON: --this a
9 little bit better.

10 MR. PAGE: --let's see what we can
11 do.

12 COUNCIL MEMBER GERSON: My second
13 question Mr. Chair, the Battery Park City surplus.
14 What is your estimate for FY '10 or what has the
15 Authority estimated to the City for FY '10 on the
16 surplus it will produce? Any estimates on out
17 years? Is there currently, as I believe there is,
18 an accumulation of surplus from previous years
19 that has not yet been given to the City? Is that
20 factored into FY '10 and is the money all going
21 into the general pot or is any proportion of it
22 being reserved for its original intended purpose
23 of affordable housing?

24 MR. PAGE: Well the basic Battery
25 Park City revenue that doesn't have strings on it

1
2 is built into the plan. The piece of it that the
3 State at one point was proposing to take half of
4 it as State budget balance is, I think it's known
5 as 782 money which is supposed to have the housing
6 earmark on it.

7 And as you probably recall it's
8 subject to the unanimous approval, effectively of
9 the Governor, that is Battery Park City, the City
10 Mayor and the City Comptroller. And it's been
11 earmarked for the \$400 million fund in connection
12 with the amendments to 421-A. And so far we don't
13 have the Governor's consent.

14 So without the consent of the three
15 parties, the money sits at Battery Park City.
16 That \$400 million was supposed to happen over
17 several years. As I recall Battery Park has
18 actually accumulated cash of that kind in the
19 neighborhood of \$200 million at this moment.

20 COUNCIL MEMBER GERSON: I'm sorry,
21 just for clarification, so 'cause this was one of
22 the parts of my question, currently to the best of
23 your information the Authority has accumulated
24 \$200 million which upon consent of the three
25 parties would be available to the City as revenue?

1
2 MR. PAGE: Could be. If you could
3 get the three of them to say yes to that
4 proposition, yes I suspect you could find a
5 purpose that would be very useful to us--

6 COUNCIL MEMBER GERSON:
7 [Interposing] I'm just trying to get at the
8 amount--

9 MR. PAGE: --we have--

10 COUNCIL MEMBER GERSON: --and the
11 amount was \$200 million?

12 MR. PAGE: --the cash that they're
13 sitting on right now is a little over \$200 million
14 as I understand it. The purpose that we had
15 designated for that money was the 421A \$400
16 million fund.

17 COUNCIL MEMBER GERSON: Right. But
18 that's what's waiting the consent.

19 MR. PAGE: No the whole thing is.
20 We can't--whatever money is in the 782 fund now
21 and in prospect as revenue is subject to the
22 three-part okay.

23 COUNCIL MEMBER GERSON: So FY '10
24 now, \$200 million is accumulation from years
25 before FY '10--

MR. PAGE: [Interposing] Yes.

COUNCIL MEMBER GERSON: --of course. So FY '10, does the City budget presume any allocation from the Authority?

MR. PAGE: I think that our overall housing plan presumes that we're going to get the \$400 million for the 421-A compensation fund.

COUNCIL MEMBER GERSON: Does that include any projected surplus or any projected allocation from the Authority for FY '10? I'm trying to get at what--

MR. PAGE: [Interposing] Yeah we're supposed to get that. We were supposed to start that--getting that fund filled this year I think.

COUNCIL MEMBER GERSON: That's what I thought.

MR. PAGE: Yeah.

COUNCIL MEMBER GERSON: But that has not happened--

MR. PAGE: [Interposing] Hasn't happened because we don't have the consent.

COUNCIL MEMBER GERSON: Okay so what--again, for clarity, \$200 million available upon consent sitting on--

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MR. PAGE: [Interposing] Yes.

COUNCIL MEMBER GERSON: The \$400 million refers to what?

MR. PAGE: The \$200 million as of this moment is designated as the funding stream for the \$400 million. That's the proposal that has existed--

COUNCIL MEMBER GERSON:
[Interposing] The \$200 million is going to leverage the--

MR. PAGE: [Interposing] No. The \$200 million would go into the box that says \$400 million on it.

COUNCIL MEMBER GERSON: And where would the balance of the other \$200 million come from?

MR. PAGE: It would be accumulated from that revenue source over the next few years.

COUNCIL MEMBER GERSON: Okay. And how much of that, this is what--is presumed or anticipated for FY '10?

MR. PAGE: I guess that we'd have the \$200 million that's in the bank right now plus maybe another \$150 million because of the Goldman

1
2 Sachs construction. Apparently that bumps up the
3 revenue at the moment.

4 COUNCIL MEMBER GERSON: And without
5 Goldman Sachs, without the--what is the average
6 annual amount projected--

7 MR. PAGE: [Interposing] I think
8 the normal amount is about \$40 million a year but
9 Goldman bumps it up.

10 COUNCIL MEMBER GERSON: Okay. And
11 is there any component 'cause as you know in the
12 interests of time not going into, you know, the
13 complexities of revenue generated from the Battery
14 Park City surplus, but is there any--or from the
15 Battery Park City Authority, is there any amount
16 other than these amounts of which we just talked
17 that a) the Authority is sitting on which you
18 would expect to be transferable to the City or
19 could be subject--

20 MR. PAGE: [Interposing] I think--

21 COUNCIL MEMBER GERSON: --to
22 approval and b) is there any other amount in the
23 budget coming from the Battery Park City Authority
24 beyond these amounts of which we just talked?

25 MR. PAGE: There is money coming

1
2 from them beyond these amounts but it's regular--

3 COUNCIL MEMBER GERSON:

4 [Interposing] That's the pilot--

5 MR. PAGE: --basically pilot
6 payment--

7 COUNCIL MEMBER GERSON: --the pilot
8 payment.

9 MR. PAGE: Yeah. That's--

10 COUNCIL MEMBER GERSON:

11 [Interposing] So it's the pilot and this and
12 that's it.

13 MR. PAGE: That's it basically
14 yeah.

15 CHAIRPERSON WEPRIN: Thank you.

16 COUNCIL MEMBER GERSON: And the
17 pilot you're receiving, last question on this, the
18 pilot you've received and there's no issue--

19 MR. PAGE: [Interposing] Yeah I
20 think that's flowing through okay.

21 COUNCIL MEMBER GERSON: So this is
22 the only issue then.

23 MR. PAGE: Yeah.

24 COUNCIL MEMBER GERSON: Okay.
25 Thank you very much Mr. Chair--

2 CHAIRPERSON WEPRIN: [Interposing]

3 Thank you Council Member. We've been joined by
4 Council Member Maria Baez from the Bronx and
5 Council Member Gale Brewer from Manhattan. The
6 next questioner is Council Member Jimmy Oddo.

7 COUNCIL MEMBER ODDO: Thank you Mr.
8 Chairman and let me just say that I thank you for
9 being a constant and consistent voice calling for
10 the commuter tax. You know we all thought that
11 when that big, bad majority leader from Saratoga
12 County was done away with and we got rid of the
13 Republican governor and we got, you know,
14 downstate folks with a party affiliation other
15 than mine that injustice would be ended but
16 apparently we were wrong on that front.

17 Mr. Page I have one question in two
18 parts and one suggestion. The suggestion is
19 perhaps in trying to get an answer to Council
20 Member Ignizio's question, the Administration
21 should consult the campaign because every time I
22 turn on the television it seems that I'm reminded
23 that they know how to quantify jobs. Just a
24 suggestion.

25 My question is, Friday, late Friday

1
2 afternoon, I received pursuant to Chapter 19
3 Section 487 a 45-day notice informing me that
4 Engine Company 161 on Staten Island will be closed
5 effective July 1st. And the first part of my
6 question is the Administration aware of, and is it
7 seeking any money on a Federal level that's either
8 in Albany via the stimulus package or any other
9 Federal grants, the Safer Act or anything like
10 that, is there money that the Administration is
11 aware of that it is seeking?

12 And the second part to the question
13 is if there is money available or if the Council
14 made protecting firehouses its priority, would the
15 Administration respect that or is this a policy
16 decision that is deeper than just fiscal
17 considerations?

18 MR. PAGE: I think that [Pause]
19 this is fiscal considerations. I mean a part of
20 the proposal [Pause] know if it's this group.
21 There has been an ongoing negotiation with the
22 Fire Union about the 5 and 4-man manning of
23 engines n New York City. We have--

24 COUNCIL MEMBER ODDO: [Interposing]
25 Please say staffing or Speaker Quinn will run up

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here and perhaps scold both of us.

MR. PAGE: Oh sorry, staffing--

COUNCIL MEMBER ODDO: [Interposing]
Manning, staffing--

MR. PAGE: --yeah sorry.

COUNCIL MEMBER ODDO: They actually
passed a bill on that.

MR. PAGE: Yeah, okay.

COUNCIL MEMBER ODDO: It might
shock you but we did.

MR. PAGE: I beg your pardon.

[Audience laughter]

MR. PAGE: Okay. Staffing. We
have 64 that are staffed with 5, plus a
lieutenant. And we have 130-some-odd, 134, so we
have 298, 198 total, right, sorry I can't do math
at this moment. We have a bunch of engines that
do fine with a staff of 4 plus a lieutenant which
in other cities is considered a staff of 5. And
then we have these 64 that require a staff of 5
plus a lieutenant which in other cities is
considered a staff of 6.

We have been trying to negotiate an
equalization of the staff which would make the

1
2 numbers work considerably better in the Fire
3 Department and we think enable us to both do that
4 and maintain service probably better than some
5 other options which you're talking about in terms
6 of how to spread staffing costs more thinly but to
7 maintain adequate fire service.

8 COUNCIL MEMBER ODDO: Well Mr. Page
9 I'm not sure you answered either of my questions.
10 So well--

11 MR. PAGE: [Interposing] I said it
12 was not a matter of principle--

13 COUNCIL MEMBER ODDO: [Interposing]
14 Okay.

15 MR. PAGE: --it's a matter of
16 dollars.

17 COUNCIL MEMBER ODDO: Okay so
18 irrespective of the struggle of the staffing issue
19 which I think you would get fire experts from
20 across the country who will tell you the value and
21 the importance of that fifth firefighter. And we
22 don't pay firefighters by the fire, it's an
23 insurance policy and maybe most fires are ordinary
24 but when the you-know-what hits the fan, that
25 fifth firefighter is important and that's why it's

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such a struggle.

But irrespective of that, so you're saying that if the Council made protecting firehouses a priority in this budget and restored the money the Administration would respect that and this issue for this Fiscal Year or this issue for this budget adoption in July would be addressed.

MR. PAGE: Well like sort of the whole budget is the subject of negotiation between us. And you've referred to one side of the equation which is that you'd like to add the money back for this purpose but not the other side of the equation which is where do we get it. So presumably this, if this is a major priority of the Council, this is no doubt a subject that we'll be discussing in the next few weeks.

COUNCIL MEMBER ODDO: Okay I just-- and you answered it and you made it clear that this isn't a deeper policy. This isn't something--

MR. PAGE: [Interposing] I don't believe so.

COUNCIL MEMBER ODDO: --else

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driving this issue---

MR. PAGE: [Interposing] I don't believe so.

COUNCIL MEMBER ODDO: --this is simply dollars and cents. And--

MR. PAGE: [Interposing] I believe so.

COUNCIL MEMBER ODDO: Fair enough. Thank you Mr. Chairman.

CHAIRPERSON WEPRIN: Thank you Council Member. Council Member David Yassky.

COUNCIL MEMBER YASSKY: Thank you. I just very quickly want to add my words of agreement to what Chair Weprin and Council Member Oddo and I believe it was Council Member Gerson said on the commuter tax, that I do think, you know, that everyone knows what the priorities of this Administration are in Albany.

There's no mystery that it is a top priority for the Mayor to keep the school governance law more or less what it is. It has been in the past a top priority for commuter-- rather congestion pricing. I don't think anybody would say that legislators feel that the fair tax

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2 system that treats all income earners in New York
3 City the same has been a priority of that level.
4 And I would add my words of encouragement to you
5 that you make it a priority at that level.

6 My two questions, the first one is
7 just on the unincorporated business tax, a tax
8 that, as you know, hits small businesses and
9 independent contractors, freelancers, in my view
10 unfairly. At a Small Business Committee hearing
11 someone, an Administration representative said
12 that the Administration agreed that it was--it
13 would be good policy to eliminate the double
14 taxation of those folks who are City residents, at
15 least up to the first \$100,000 of income and in
16 part for income from \$100,000, \$150,000. Is that
17 reflected in this budget? In other words, does
18 this budget reflect a...

19 MR. PAGE: Yes.

20 COUNCIL MEMBER YASSKY: Thank you.
21 And my second question has to do with productivity
22 savings. The DC37 issued a report a little while
23 back identifying a number of contracts that they
24 identified as wasteful or unnecessary spending.
25 My question is whether your office has examined

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2 those proposals and whether you find them to be
3 meritorious, in other words are there savings in
4 that report?

5 [Pause]

6 MR. PAGE: You know we've spent an
7 enormous amount of time and energy over the last
8 few years trying to--well particularly I guess the
9 last year-plus, trying to figure out how to run
10 the place for less money and keep it going. And
11 one of the issues that is constantly on the table
12 between us and agencies is this question of
13 contracting in and contracting out.

14 And [pause] I don't believe that
15 the specific proposals that DC37 has put on the
16 table are particularly promising. But it is a
17 subject that we focus on all the time. And I
18 don't think that the, I don't think there are
19 really any hard and fast answers about in versus
20 out. I think that having some flexibility and
21 sort of the possibility of change on that front is
22 actually helpful to us.

23 COUNCIL MEMBER YASSKY: I wasn't
24 looking for a, you know, blank, blanket rule--

25 MR. PAGE: [Interposing] Yeah.

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2 COUNCIL MEMBER YASSKY: --on in
3 versus out, I was just asking about that
4 particular set of proposals 'cause I do think that
5 would be a telling example, I mean of whether or
6 to the extent to which you have gone to the
7 workforce and said we want your help in reducing
8 the basic costs of operation. And we are open to
9 your suggestions as well as those that emanate
10 from, you know, within OMB. I think that would be
11 productive. And I mean our world is kind of board
12 of directors, that a policy change I would
13 advocate for.

14 MR. PAGE: Um-hum.

15 COUNCIL MEMBER YASSKY: Thank you.

16 CHAIRPERSON WEPRIN: Thank you.

17 The last questioner--

18 MR. PAGE: [Interposing] Oh I'm
19 sorry. I need to correct something.

20 CHAIRPERSON WEPRIN: Okay.

21 [Pause]

22 MR. PAGE: I'm sorry, I'm okay.

23 [Pause]

24 CHAIRPERSON WEPRIN: Are you all
25 right?

MR. PAGE: Um-hum. Sorry.

CHAIRPERSON WEPRIN: The last questioner for this round of questions is Council Member Albert Vann but before we get--and then we'll try a second round. But before we get to that Finance staff has pointed out to me that, Mr. Page, that back in 2003 when we increased the sales tax on a temporary basis there was actually a 90-day effective date delay which means that the sales tax was not administered until September 1st-

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MR. PAGE: [Interposing] Yeah but the last time we put this--I don't believe that's quite true. When did we do the last increase?

[Pause]

MR. PAGE: I think that the last time we increased, we actually managed to get the legislation passed in May and it took effect with June.

CHAIRPERSON WEPRIN: Well that's not the information we have. The information we have was when it was a temporary sales tax increase in 2003, the effective date was 90 days which ended up to be September 1st. I would just

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2 check on that legislation because as we pointed
3 out earlier, we haven't seen the legislation--

4 MR. PAGE: [Interposing] That's not
5 our understanding but we'll check.

6 CHAIRPERSON WEPRIN: Well I
7 actually have another Perry Mason moment. We have
8 a copy of the actual law which I actually
9 sponsored, huh-huh, Intro number 491 and it says
10 this Local Law shall take effect September 1st,
11 2003 and shall expire and be deemed repealed on
12 May 31st, 2005. I can pass it up to you. And it
13 was passed on May 25th. Signed June 4th.

14 MR. PAGE: Thank you. Thank you.

15 CHAIRPERSON WEPRIN: Do you want to
16 refresh your recollection?

17 MR. PAGE: No.

18 CHAIRPERSON WEPRIN: Okay. So you
19 have no reason to believe that that's not
20 accurate?

21 MR. PAGE: I need to look into it.
22 That's not what I've been told about how that
23 worked but maybe you're right. I don't know--

24 CHAIRPERSON WEPRIN: [Interposing]
25 Okay well I think we should just be careful

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2 because if you're attributing a revenue number
3 based on the June 1st, if it's not going to be
4 until September 1st, I think you have to adjust
5 your numbers accordingly.

6 MR. PAGE: Right.

7 CHAIRPERSON WEPRIN: Okay. Council
8 Member Albert Vann.

9 COUNCIL MEMBER VANN: Actually Mr.
10 Chairman since the Community Development grant
11 hearing continues around 1:30 I'll wait until that
12 time for my questions.

13 CHAIRPERSON WEPRIN: Next round of
14 questioners. We have Council Member Letitia
15 James.

16 COUNCIL MEMBER JAMES: Thank you.
17 Mr. Page, with regards to the contracting in
18 contracting out issue, since Fiscal Year '05 the
19 contracts for the installation of street
20 enforcement and regulation signs has increased to
21 a total of \$114 million in Fiscal Year '09.

22 In regards to the installation of
23 street signs, excuse me; in regards to clerical
24 workers from July 2007 to June 2008 the City has
25 spent about \$40 million for temporary clerical

1
2 services. The contract budget for Fiscal Year '09
3 has increased to about \$7 million; it's increased
4 that amount by \$7 million. And the list goes on
5 and one.

6 The Department of Health and Mental
7 Health--the Department of Health and Mental Health
8 and the Department of Education pay an average of
9 \$57 to contracting firms for the same work as
10 public health nurses do at \$38. The City could
11 save \$10 million if we did not contract out. The
12 Fire Department, a computer consultant gets over
13 \$150 an hour for performing help desk functions
14 that a City computer specialist does for \$52 an
15 hour and the City could save \$20 million in that
16 area.

17 And I have a list of other City
18 agencies where if we were to contract in as
19 opposed to contract out, we would save a
20 significant amount of savings to the City of New
21 York. And there's not recommendations in the
22 report that was done by DC37, Massive Waste at a
23 Time of Need, they just point out all of the
24 contracts in all of the City agencies, contract
25 services which are not unique.

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2 Services as I mentioned earlier,
3 clerical services where we could save money. So
4 again, to reiterate, if you could review these
5 contracts, I believe that we would achieve some
6 savings, particularly at this time of need.

7 I know that the State of New York
8 just recently increased PIT, the PIT on high
9 income earners. But as a result of the City's
10 boom from 2004 to 2007 these high earners, I still
11 don't believe that they are paying their fair
12 share of personal income tax. And I believe that
13 we could impose a more progressive income tax on
14 those high earners.

15 Does the Administration have
16 apposition with regards to increasing or adding
17 two top brackets to our PIT or is the
18 Administration opposed to increasing PIT on high
19 income earners in the City of New York?

20 MR. PAGE: I think that I have
21 addressed that already today. We do have a
22 position which is that we don't think it's a good
23 idea because we don't think that in the long run
24 it is a good move for New York City's economic
25 welfare and competitive position. And we're very

1
2 uncertain about the collectability of a higher
3 local income tax on that numerically very thin
4 group of tax payers.

5 COUNCIL MEMBER JAMES: Okay. Does
6 the Administration have a position on rescinding
7 the property tax exemption for Madison Square
8 Garden which would result in \$14 million?

9 MR. PAGE: I don't know whether we
10 have an official position. It's certainly
11 something that comes up from time to time in our
12 discussions. And I think that we are. My sense
13 is that we're quite locked into that.

14 COUNCIL MEMBER JAMES: For how
15 long?

16 MR. PAGE: I would need to get back
17 to you on that but I think that--I don't think
18 it's easily ended.

19 COUNCIL MEMBER JAMES: Does the
20 Administration have a position or have they
21 reviewed imposing residential parking permits in
22 the City of New York and how much would that yield
23 to the City of New York? Such a pilot program or
24 a permanent program.

25 MR. PAGE: It's a topic that we've

1
2 certainly thought about from time to time. I
3 don't know what the revenue implication of it is.
4 It, as you perhaps recall was an issue in--

5 COUNCIL MEMBER JAMES:

6 [Interposing] Yes.

7 MR. PAGE: --context of congestion
8 pricing and looking to protect parking in
9 neighborhoods around the edges of the congestion
10 zone.

11 COUNCIL MEMBER JAMES: Mr. Page if
12 you want to--

13 MR. PAGE: [Interposing] I would
14 guess that there are problems, you know, to the
15 extent you restrict parking to residents; I mean
16 you're not going to have meters on those streets.
17 I don't know exactly how the whole thing balances
18 through.

19 COUNCIL MEMBER JAMES: Well we
20 have, in downtown Brooklyn, as you know; we came
21 up with a suggestion for a pilot program if the
22 Administration wants to review that during this
23 budget year, a vast majority, an overwhelming
24 number of constituents in downtown Brooklyn,
25 representing my District and Council Member

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2 Yassky's District support a pilot program. And I
3 would urge your consideration.

4 In the State of New York, as you
5 know, the Administration, and I supported it,
6 closed a number of jails in upstate New York.
7 Jails that I believe were--constitute waste and
8 were much needed, particularly at a time when they
9 reformed the draconian Rockefeller laws. My
10 question to you is what is the Administration's
11 position about closing Spafford [phonetic] and
12 perhaps looking at an alternative to incarceration
13 program for young people in the City of New York?

14 [Pause]

15 MR. PAGE: I think that we've been
16 exploring alternatives to incarceration very
17 actively over the last few years. Just one
18 second.

19 [Pause]

20 MR. PAGE: I think that the problem
21 is--I think we... I don't think anybody thinks that
22 Spafford is ideal but as things are at the moment
23 we need secure detention capacity for juveniles
24 and that facility is a large part of, or maybe
25 it's the only part, of our secure detention

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capacity.

We have put some money into alternatives to detention and I think we share what I would guess listening to you is your belief that if you can manage a corrections program for juveniles that isn't secure detention, you're all better off. But getting there from where we are is a bit of a challenge.

COUNCIL MEMBER JAMES: The litigation surrounding the conversion of Blue Cross Blue Shield, what's the status of that litigation and do we anticipate any revenues in the coming years?

MR. PAGE: Well my sense of it is, I believe they're technically merged but that their going public is stalled. [Off mic] Oh I'm sorry.

COUNCIL MEMBER JAMES: What did he say?

MR. PAGE: I'm sorry I was on HIP GHI. Good let me run this back, my mind skipped--

COUNCIL MEMBER JAMES:
[Interposing] Either or, as long as we--I'm trying to identify revenue. Blue Cross Blue Shield, HIP,

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whatever, GHI--

MR. PAGE: [Interposing] Blue Cross
Blue Shield has done it--

COUNCIL MEMBER JAMES:
[Interposing] Okay.

MR. PAGE: --I mean and the State
got some money out of that but we didn't.

COUNCIL MEMBER JAMES: And GHI?

MR. PAGE: HIP GHI, I don't think
we have--the theory was--the State's theory for
some time has been that they would go public.
They'd sell stock in the new entity and the State
would skim off a significant amount of money from
those sales proceeds. I'm not aware that there
was ever a significant amount earmarked for New
York City.

And our position has been that we
were going to get [skip] --oked over time because
this would now be a private entity, it would pay
\$40 million a year in taxes to the State and we're
also very concerned that our health bene--New York
City's health benefit cost for its employees is
set by the HIP rate for their basic HMO. And the
next largest health, or sort of the non-HIP

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2 largest health provider and it's actually bigger
3 than HIP is GHI.

4 So the HIP rate controls how much
5 we pay per person for GHI coverage. Having the
6 two merged has--seems a little odd give that
7 funding structure. I think that recently the
8 annual HIP rate that we will be paying for next
9 year, although set by HIP at 9 and a fraction
10 percent increase which in the medical coverage
11 business is not that bad is costing us next year,
12 I think it's 12.75%.

13 COUNCIL MEMBER JAMES: Um-hum.

14 MR. PAGE: That's because the State
15 of New York put a 3% tax on health coverage
16 provided by employers that we're subject to. I
17 mean I can't--it... I can't remember if it was
18 yourself or others but this question of whether
19 we, this Administration has been seeking a sort of
20 equitably tax structure with the State and that we
21 haven't been pursuing it assiduously, I believe we
22 have been pursuing the sort of equity of resources
23 for New York City vis a vis New York State
24 assiduously.

25 And it's a frustrating and

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2 difficult process particularly frustrating given
3 the large proportion of the New York State
4 legislature which actually is elected from New
5 York City. But it's perennial in terms of what we
6 get in education aid and at the moment we continue
7 to dispute with the State the allocation of the
8 benefit of the increased Federal participation in
9 Medicaid costs.

10 The model that we've been on for
11 several years with the State is that the
12 localities' increase is capped at 3%, to the
13 extent that costs go up faster than 3%, the
14 State's share covers the difference. And what
15 that has meant is that continuously the Medicaid
16 burden has been shifting away from localities,
17 ourselves, to the State.

18 It is our view that in the Federal
19 stimulus increase the Federal intent is very clear
20 that localities were not supposed to be
21 disadvantaged by how the State delivered that
22 money. And in fact the State has devised a
23 distribution which does not respect that capping
24 of the local growth for this period of stimulus
25 funding which as I said in my testimony we see as

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2 worth something over \$500 billion to us over the
3 next couple of years or I shouldn't say worth to
4 us, it's a negative.

5 COUNCIL MEMBER JAMES: Mr. Page I
6 want to move on to my last question. I was just-

7 CHAIRPERSON WEPRIN: [Interposing]
8 Yeah Council Member, well if we have time for a
9 third round but we have other people have to ask
10 questions. If we finish before 1:30 I'll let you
11 go back, how's that?

12 COUNCIL MEMBER JAMES: Just one
13 last question and then I'm gone--

14 CHAIRPERSON WEPRIN: [Interposing]
15 No, no because we have other members--

16 COUNCIL MEMBER JAMES:
17 [Interposing] Okay, okay.

18 CHAIRPERSON WEPRIN: --that have to
19 go a second round.

20 COUNCIL MEMBER JAMES: Thank you.

21 CHAIRPERSON WEPRIN: Council Member
22 Gentile.

23 COUNCIL MEMBER GENTILE: Thank you
24 Mr. Chairman. Mr. Page I just want to talk about
25 the marked increase in pension--I'm over here.

2 MR. PAGE: Um-hum. Sorry.

3 COUNCIL MEMBER GENTILE: In pension
4 contributions that have been added to the budget
5 over the past year. Reviewing the budget
6 documents, there's been almost a \$3 billion
7 increase in pension contributions as a result of
8 losses in the stock market in FY '08 and FY '09.
9 I've been told by staff also that the increases
10 probably doubled in what is shown on the budget
11 documents because those losses are spread out over
12 a longer period than what--

13 MR. PAGE: [Interposing] Yes.

14 COUNCIL MEMBER GENTILE: --the
15 budget is being reflected. So is it accurate
16 then, is it an accurate analysis to say that
17 pension contributions have been increased by
18 probably \$6 billion because of the pension
19 investment losses in the stock market for FY '08,
20 FY '09?

21 [Pause]

22 MR. PAGE: I think that--we can
23 give them a breakdown. We can give you the
24 breakdown of what the increase comes from. Some
25 of it is from enhanced benefits and a lot of it as

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2 you point out is from the loss in the equity value
3 of the portfolios. And you're right that it
4 doesn't--it certainly doesn't all show in the
5 current year.

6 It doesn't even show in the 4-year
7 plan because gains and losses in portfolio value
8 are spread over 7 years. So we actually sort of
9 ironically are still getting the benefit of some
10 of the equity gain from when the stock market was
11 booming which is still being phased through
12 because that too has a 7-year phase-in, while
13 we're being kicked by the drop last year and what
14 we are expecting as a budget matter to be another
15 significant drop this year.

16 COUNCIL MEMBER GENTILE: So if it's
17 \$3 billion during the fiscal plan 4 years, at the
18 end of 7 it has to be close to \$5 billion or \$6
19 billion that you're contributing, the increased
20 costs. It has to be close to that, you would
21 agree--

22 MR. PAGE: [Interposing] Yeah I
23 think that's probably true--

24 COUNCIL MEMBER GENTILE: --that's
25 probably--okay.

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2 MR. PAGE: --but we'll get you the
3 numbers.

4 COUNCIL MEMBER GENTILE: Can you
5 tell me in terms of pension assets how they've
6 declined in both percentage and dollar amount
7 because of the stock market losses over the two
8 years?

9 [Pause]

10 MR. PAGE: Since last June 30th,
11 we've gone from a little over \$100 billion to
12 about \$80 billion. And last June 30th was probably
13 [Pause] was maybe reflected a loss of maybe \$6
14 billion from the year before.

15 COUNCIL MEMBER GENTILE: So
16 altogether about--

17 MR. PAGE: [Interposing] \$25
18 billion maybe--

19 COUNCIL MEMBER GENTILE: --\$25
20 billion?

21 MR. PAGE: Yeah.

22 COUNCIL MEMBER GENTILE: \$25
23 billion decrease in assets. So what percentage of
24 the pension assets are invested in the stock
25 market?

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MR. PAGE: Two-thirds? 70%.

COUNCIL MEMBER GENTILE: 70%--

MR. PAGE: [Interposing] Um-hum.

COUNCIL MEMBER GENTILE: --are

invested in the stock market. Because the reason I ask this is because you mentioned the new tier that you're asking for with reduced benefits for new employees. And it's hard to fathom that when you think about that the rising pension costs are really been related to the aggressive investment policy, 70% of the assets being invested, losing \$25 billion, and now having to make this up. It appears to me that it's the failed investment strategy on the part of the City that's causing the increase--

MR. PAGE: [Interposing] I--

COUNCIL MEMBER GENTILE: --in

pension costs and not the benefits which haven't changed in 30 years, at least for the uniformed services.

[Pause]

MR. PAGE: I don't have the numbers in front of me but I suspect if you went back to 2000 and you looked at the gains and the losses on

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2 the equity side, I'm not sure we've lost by being
3 in the stock market in fact. And what ultimately
4 drives the cost to the City of pension benefits,
5 of--to our budget of paying for pensions is the
6 amount of benefits that we pay.

7 Do you know where that--oh - - .
8 In the chart book for the Executive Budget, if you
9 look back at it, there's a page 22 which gives
10 you, from '97 the total amount of benefits we were
11 paying out was about \$4.5 billion. And the
12 backend of this chart is 2016 where we're probably
13 a little over \$12 billion in annual benefits.

14 And the fact of the matter is that
15 the budget contributions which you see is the
16 columns underneath if you're looking at that
17 thing, are lower than the amount of benefits we
18 pay out each year because we do make money on the
19 invested funds that we're holding. We have over
20 time and we assume that we will over time
21 notwithstanding the extraordinary losses.

22 And the reason we're seeking to
23 actually not decrease the benefits that City
24 employees will retire with but the significant
25 pension funding cost change that we're seeing in

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2 tier five would be to require City uniformed
3 employees to work for 25 years rather than 20
4 years and I believe be 50 to collect their pension
5 benefits.

6 COUNCIL MEMBER GENTILE: At age 50
7 was it--

8 MR. PAGE: [Interposing] Yeah,
9 yeah. That basically there is no age threshold--

10 COUNCIL MEMBER GENTILE:
11 [Interposing] That's right. Yeah.

12 MR. PAGE: --now.

13 COUNCIL MEMBER GENTILE: Right.

14 MR. PAGE: And you can retire after
15 20 years which means that a lot of people retire,
16 you know, in their early 40s.

17 COUNCIL MEMBER GENTILE: Right.

18 MR. PAGE: And it really boils down
19 to the fact that if you figure, you know, for
20 those of us who worked from 20 to 60 or something
21 of that kind, a 40-year work life, well for the
22 City's uniformed forces it's 2 people for that
23 work life and therefore it's 2 full pensions if
24 that were applied--

25 COUNCIL MEMBER GENTILE:

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2 [Interposing] Right but those benefits have been
3 the same for 30 years.

4 MR. PAGE: And they've actually
5 gotten better here and there from time to time but
6 yes--

7 COUNCIL MEMBER GENTILE:
8 [Interposing] But essentially, essentially, right,
9 essentially--

10 MR. PAGE: [Interposing] They've
11 been there a long time, yes.

12 COUNCIL MEMBER GENTILE: So we're
13 really--the increased cost that what I'm--if we're
14 reducing benefits in a new tier because of the
15 increased cost it seems to me that a policy that
16 went bust is hurting the men and women of
17 uniformed services. And that doesn't seem fair to
18 create a new tier because of an investment
19 strategy that went bust.

20 MR. PAGE: I don't think that this
21 is--I think that the investment strategy has had
22 its ups and downs. I don't think it's bust. And
23 again we'll get you the numbers but a lot of it is
24 just the payment of benefits. And, you know, at
25 the end of the day how do you compensate your

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2 workforce fairly? And if you have a pension cost
3 that's just continuously growing faster than your
4 revenue base, it's going to come out of somewhere.
5 And, you know, how do you feel about the
6 proportion that goes for pensions versus something
7 else over time and that's really what we're trying
8 to get at--

9 COUNCIL MEMBER GENTILE:

10 [Interposing] And I think we've just begun this
11 discussion so we'll--

12 MR. PAGE: [Interposing] Right.

13 COUNCIL MEMBER GENTILE: --

14 continue. I wanted to ask you about the retiree
15 trust fund also. We have about \$2.6 billion, I'm
16 told--

17 MR. PAGE: [Interposing] Yes.

18 COUNCIL MEMBER GENTILE: --in that
19 fund. And you appropriate about \$1.4 billion from
20 the miscellaneous budget to go into the trust fund
21 to replenish that fund. Now as I have been
22 advocating for the last two years, you finally in
23 the November plan, finally, because we had the
24 corpus in the trust fund, you finally began to
25 reallocate some of the funds from the

1
2 miscellaneous budget away from the trust fund for
3 other needs. And in this case from what I see in
4 the November plan was to cover those increased
5 pension contributions to offset the losses in the
6 stock market.

7 MR. PAGE: Yes.

8 COUNCIL MEMBER GENTILE: So given
9 that, is there a time, will there be a time when
10 the Retiree Health Trust Fund will be depleted
11 because of the diversions?

12 MR. PAGE: Well it... on the schedule
13 that we had in the November plan, I think that
14 we'd spent just under \$2 billion by the end of the
15 4-year plan. \$1.5 billion. You know, it depends
16 on how New York City allocates its budget
17 resources over time.

18 COUNCIL MEMBER GENTILE: So you
19 can't say whether or not there will always be a
20 balance left in that trust fund?

21 MR. PAGE: Well there's been a
22 balance there as long as it hasn't been spent.

23 COUNCIL MEMBER GENTILE: Okay. So-
24 -okay. Let me establish it this way then.
25 Assuming that--well either the trust fund or it

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2 doesn't exist, right? Assuming that it does
3 exist, you can--where there is a balance in that
4 trust fund the City can then reduce the
5 appropriations that you make from the
6 miscellaneous budget and use those appropriations
7 for another expense similar to what you did with
8 the November plan in terms of increased pension
9 costs--

10 MR. PAGE: [Interposing] Yes.

11 COUNCIL MEMBER GENTILE: --am I
12 right on that?

13 MR. PAGE: Yes.

14 COUNCIL MEMBER GENTILE: Okay.

15 And, you know, I've advocated this for a couple of
16 years now that we continue to do this. Now it
17 just came up that two weeks ago there was a debate
18 in Congress over a particular bill and the City
19 went down and argued and debated and asked for an
20 amendment to a bill that would help 9/11 victims.

21 It's called the Droger [phonetic]
22 Bill. And that bill, you've asked for an
23 amendment because you didn't have the money to
24 contribute, I think it was \$50 million a year to
25 cover the share, the City's share of the costs of

1
2 that bill should that bill pass Congress. If that
3 bill is not amended as you've asked it to be
4 amended, couldn't the appropriations that we're
5 now talking about be used to pay for those 9/11
6 victims?

7 MR. PAGE: I guess the issue on the
8 9/11 is the sense that in equity the costs of that
9 event should be born by the Federal government and
10 not the local City tax payer. You could--

11 COUNCIL MEMBER GENTILE:

12 [Interposing] I'm not asking you a policy--

13 MR. PAGE: --you can pay for
14 whatever you--well--

15 COUNCIL MEMBER GENTILE:

16 [Interposing] Right.

17 MR. PAGE: --within bounds,
18 whatever you choose to pay for with City funds--

19 COUNCIL MEMBER GENTILE:

20 [Interposing] It's not a policy question, just a--

21 MR. PAGE: --and that's what you're
22 talking about--

23 COUNCIL MEMBER GENTILE:

24 [Interposing] Right.

25 MR. PAGE: --you would use City

1
2 money to pay for this. You could choose to do
3 that.

4 COUNCIL MEMBER GENTILE: Right now
5 it requires a \$50 million contribution. This bill
6 would require a \$50 million contribution from the
7 City. Should that not be amended there is--you
8 can use this appropriate to cover those costs for
9 9/11. It is a health-related cost. This is a
10 health--you would otherwise put it in the health
11 benefits trust fund. Just technically, I'm not
12 asking you a policy question, I'm asking you a
13 technical question, could you use those
14 appropriations to pay for those 9/11 victims?

15 MR. PAGE: You could appropriate
16 money to pay for 9/11 victims if that was your
17 choice.

18 COUNCIL MEMBER GENTILE: From the
19 miscellaneous budget we're talking about.

20 MR. PAGE: Well if you reduce an
21 expense that means you have the money and you can
22 appropriate it for something else--

23 COUNCIL MEMBER GENTILE:
24 [Interposing] Right.

25 MR. PAGE: --which is what you're

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talking about--

COUNCIL MEMBER GENTILE:

[Interposing] I know in regard to what we're talking about--

MR. PAGE: [Interposing] Um-hum.

COUNCIL MEMBER GENTILE: --the

trust fund. So technically we're correct on that.

Mr. Chairman I just wanted to make that point and

I'll move on. Thank you.

CHAIRPERSON WEPRIN: Thank you.

Council Member Jackson.

COUNCIL MEMBER JACKSON: Well thank

you Mr. Chair and Mr. Page, good afternoon. I

said good morning to you the last time--

MR. PAGE: [Interposing] Good

afternoon.

COUNCIL MEMBER JACKSON: I just

have a couple of quick questions. I just want to

follow up on the DOE situation since basically the

Department of Education's budget is approximately

one-third of the total City's budget.

Now my understanding with respects

to your budget documents that I'm looking at under

the Department of Education, the full time

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2 budgeted positions is 69,536 and they're expected
3 to get down to 61,621 which is approximately 8,000
4 positions. Is that the number that DOE has given
5 as far as the numbers of reductions that must take
6 place either through not hiring additional people
7 and/or laying off people as a totality?

8 [Pause]

9 COUNCIL MEMBER JACKSON: I'm
10 looking at page 53-E. Yeah.

11 [Pause]

12 COUNCIL MEMBER JACKSON: All right,
13 the agency budget summary. It's on the expense,
14 revenue and contract budget. I'm sorry can you
15 speak into the mic, I really can't hear you.

16 MR. PAGE'S STAFF MEMBER: Can you
17 repeat what the numbers--

18 MR. PAGE: [Interposing] Can you
19 repeat what the numbers were again?

20 COUNCIL MEMBER JACKSON: It says
21 the full time units of appropriations, adopted
22 budget for Fiscal Year 2009, 69,536 full time
23 budgeted positions. And the current modified
24 budget as far as the change from that to the 2010
25 budget is 61,621; approximately 8,000 full time

1 positions are expected to be eliminated in the
2 Department of Education. And my question was is
3 this the number that you have given to the
4 Department of Education that they have to get down
5 in full time positions either through attrition,
6 layoffs or how? I mean I just need to know--

8 MR. PAGE: [Interposing] I...

9 COUNCIL MEMBER JACKSON: I just
10 need to know--

11 MR. PAGE: [Interposing] It's not,
12 it's not a--I wouldn't quite honestly characterize
13 it as a hard ceiling--

14 COUNCIL MEMBER JACKSON:
15 [Interposing] Okay.

16 MR. PAGE: --I would say that that
17 is our best guess of how the funding progression
18 from '09 to '10 is likely to play through the
19 numbers but quite honestly I'm af--unfortunately I
20 would say it's a best guess as opposed to a hard
21 calculated ceiling that we both, that is OMB and
22 DOE, agree is where they have to be to live within
23 their resources.

24 And the end of the day what I'm
25 concerned about is that they come up with a

2 realistic plan to provide their educational
3 services that they can afford, given the money
4 that we've got. And the headcount really drives
5 from that as opposed to a lock-in of the number
6 that you're looking at.

7 COUNCIL MEMBER JACKSON: Okay.

8 And, you know, that's a reasonable answer. That's
9 clearly a reasonable answer but let me just
10 express to you the concern that I have heard from
11 many, many, many parents about the impact as far
12 as class size, especially, you know, with the
13 transfer of the Kindergarten--

14 MR. PAGE: [Interposing] Yeah.

15 COUNCIL MEMBER JACKSON: --the
16 proposed transfer of--

17 MR. PAGE: [Interposing] Yeah.

18 COUNCIL MEMBER JACKSON: --3,300
19 from ACS to DOE.

20 MR. PAGE: Yeah.

21 COUNCIL MEMBER JACKSON: And DOE's
22 proposal of increasing class size in Kindergarten
23 to 25, knowing that we have spent approximately \$1
24 billion since 1990 to reduce class size in lower
25 grades. So parents are really very, very, very

1
2 concerned about class size increases overall.
3 Overall. So that's a big issue.

4 Now let me ask about the School
5 Construction Fund. The qualified School
6 Construction Fund, what is the expected debt
7 service savings that is expected under that?

8 MR. PAGE: Are we--we're talking
9 about the next 5-year plan?

10 COUNCIL MEMBER JACKSON: I'm just
11 either the next 5-year plan or--

12 MR. PAGE: [Interposing] Oh the
13 qualified--the bonds?

14 COUNCIL MEMBER JACKSON: Yeah, with
15 the bonds.

16 MR. PAGE: We, I mean the fact of
17 the matter is that in the 10-year window that
18 we're looking at in trying to bring City debt
19 service within the sort of average annual growth
20 of resources, our fixed costs are eating us. We
21 figured we weren't going to reduce the proportion
22 that the Capital Program was using but we were
23 going to try and hold it to more than it is over
24 the 10-year horizon.

25 That said, the Department of Ed had

1
2 an \$11.3 billion proposal for its 5-year capital
3 plan. If we can hold the State to its
4 commitments, always an interesting question, they
5 basically fund half of that and we were able to
6 sort of eek out something approaching a 30%
7 reduction over the 10 years in our debt service
8 for that continuing \$11.3 billion program by
9 assuming that we're going to utilize the Federal
10 bonding programs where the Feds pay the interest,
11 we pay the principal, we issue the debt but they
12 basically pay the interest.

13 And as that translates through
14 given the size of their program which is a lot
15 less than what we're going to be paying here, we
16 figured we were in the ballpark and we were going
17 to maintain the school investment without cutting
18 it to help us out on this debt service
19 transaction. The losing the interest cost helps
20 us out on the debt service calculation.

21 COUNCIL MEMBER JACKSON: Okay so...

22 MR. PAGE: I'm sorry that was an
23 awfully long sentence.

24 COUNCIL MEMBER JACKSON: Yeah. So
25 in essence of the 5-year, proposed 5-year Capital

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Plan?

MR. PAGE: Is held at the \$11.3 billion that we started with.

COUNCIL MEMBER JACKSON: Based on what you've just said.

MR. PAGE: Based on the fact that we think we can access Federal subsidy for interest costs for some of the debt to support this program.

COUNCIL MEMBER JACKSON: Okay and you don't have a dollar figure.

MR. PAGE: I do actually but it's-- but it's dependent upon among other things--

COUNCIL MEMBER JACKSON:
[Interposing] Uh-huh.

MR. PAGE: --existing Federal programs and renewal Federal programs--

COUNCIL MEMBER JACKSON:
[Interposing] Um-hum.

MR. PAGE: --to make it work through the five years.

COUNCIL MEMBER JACKSON: Okay.
Well I'll have Finance staff--

MR. PAGE: [Interposing] Fine.

1
2 COUNCIL MEMBER JACKSON: --follow
3 up with Larry on--

4 MR. PAGE: [Interposing] Fine.

5 COUNCIL MEMBER JACKSON: --that
6 particular matter. Just one quick question? Let
7 me just ask, I mean I have a lot more questions
8 and the reason why I'm asking you is, one thing,
9 you're the Budget Director, in essence, in my
10 opinion the buck stops with you as far as the City
11 of New York is concerned. But I follow up
12 specifically with the Commissioners--

13 MR. PAGE: [Interposing] Um-hum.

14 COUNCIL MEMBER JACKSON: --and
15 other Department heads to make sure everything is
16 in synch or out of synch. But with NYPD can you--
17 are the--you know, as I indicated before and you
18 know I'm the Chair of the Education but the most
19 important thing for my constituents is safety and
20 security. Let me just say that overall.

21 But what is the situation as far as
22 are there presently any plans to alter the police
23 hiring schedule as compared to what was presented
24 in the preliminary budget? Meaning, are we going
25 to increase the number of--

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MR. PAGE: [Interposing] No.

COUNCIL MEMBER JACKSON: No?

MR. PAGE: There are no changes on the patrol, the uniform, hiring that we proposed in January. There are changes on civilian headcount proposed on this go-round.

COUNCIL MEMBER JACKSON: The change that you're referring to is not an increase, you're talking about--

MR. PAGE: [Interposing] It's a reduction.

COUNCIL MEMBER JACKSON: --a reduction.

MR. PAGE: Yes.

COUNCIL MEMBER JACKSON: Um-hum.

MR. PAGE: It--

COUNCIL MEMBER JACKSON: [Interposing] And what, and obviously it's a concern when NYPD cannot do all of their administrative and paperwork--

MR. PAGE: [Interposing] Yeah.

COUNCIL MEMBER JACKSON: --and quite frankly I, and I believe my colleagues, do not want to see where police officers are assigned

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2 to do administrative paperwork because
3 administrative staff have been let go or laid off.
4 That's clearly a no-no and I believe that you
5 don't agree with that either, is that correct?

6 MR. PAGE: Well.

7 COUNCIL MEMBER JACKSON: It just
8 doesn't make common sense Mr. Page.

9 MR. PAGE: There are any number of
10 tradeoffs in this business and I think that the
11 Police Department, well, in this last round of
12 cuts as you know, the target for agencies in
13 general was 4%--

14 COUNCIL MEMBER JACKSON:

15 [Interposing] Um-hum.

16 MR. PAGE: --and for the uniforms
17 it was .5%.

18 COUNCIL MEMBER JACKSON: One half
19 of one percent, right.

20 MR. PAGE: And the Police
21 Department, faced with that target, preferred this
22 route to further eroding their number of uniformed
23 officers. I guess I can see some benefit even if
24 some of them are doing administrative work and
25 having the potential of the officers if you need

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2 them for some particular occasion.

3 I'm not the world's greatest
4 expert. We have managed as you know to keep crime
5 under control. It's actually been doing notably
6 well in this year so far with the reduced staffing
7 which the Police Department has had over the last
8 few years.

9 COUNCIL MEMBER JACKSON: Well I'm--
10 and I hear you and as I said I'm going to be
11 talking to the Commissioner when he comes up here--
12 -

13 MR. PAGE: [Interposing] Um-hum.

14 COUNCIL MEMBER JACKSON: --but...

15 MR. PAGE: He'll tell you he'd like
16 more resources.

17 COUNCIL MEMBER JACKSON: Knowing my
18 District and the issues and concerns that I'm
19 dealing with in Northern Manhattan--

20 MR. PAGE: [Interposing] Um-hum.

21 COUNCIL MEMBER JACKSON: --Council
22 Member Miguel Martinez and myself met with the
23 Chiefs of Northern Manhattan along with the
24 Commanding Officers about issues and concerns.
25 So, you know--

MR. PAGE: [Interposing] Um-hum.

COUNCIL MEMBER JACKSON: --public safety is extremely important to my constituents and I need to say that we as a City must need to make sure that we budget where all of our mandated requirements--

MR. PAGE: [Interposing] Um-hum.

COUNCIL MEMBER JACKSON: --as you indicated and that's why I assumed that you said uniformed services only one half of one percent versus all the other agencies.

MR. PAGE: Yeah.

COUNCIL MEMBER JACKSON: So I'm going to, Mr. Chair, I'm going to thank you and if there's a third round I'll come back. Thank you.

CHAIRPERSON WEPRIN: Council Member Comrie.

COUNCIL MEMBER COMRIE: Thank you. Mr. Page you talked about in your statement that [off mic] pardon me? Oh. You talked about in your statement that we're dealing with a \$534 million decrease, I believe in the allocation methodology that was promised in the \$543 less than the Federal stimulus law had promised on that

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2 the State has allocated to us.

3 And you also talked about the State
4 passing a proposal for the consumer bag plastic,
5 consumer plastic bag fee. What are we doing to
6 try to get the State to recoup those costs or
7 losses to us and what is the strategy or plan to
8 try to enact either--make either entity happen
9 before budget deadline?

10 MR. PAGE: We've spent a fair
11 amount of time talking to the Federal government
12 on the Medicaid allocation and I think that that
13 discussion continues. We've spent a certain
14 amount of time with the City Law Department as to
15 whether we had any possible course there. And I
16 think that's highly unlikely that this is going to
17 get that resolved before this budget. I think one
18 of the things that we're all concerned about on
19 Medicaid is that with the decline in the economy,
20 the likely outcome in terms of Medicaid usage in
21 New York City is going to be higher.

22 COUNCIL MEMBER COMRIE: I think
23 that's right.

24 MR. PAGE: And how that higher cost
25 gets shared between us and the State is sort of at

1
2 the essence of our dispute with them. And, you
3 know, it's really a matter of does the State use
4 the money to balance its budget or does it flow
5 through so that we get some of it to balance ours.
6 And understandably they're on one side of that
7 balance and we're on the other.

8 COUNCIL MEMBER COMRIE: Okay. Are
9 we--?

10 MR. PAGE: [Interposing] I'm sorry,
11 the bags, we also, I think, have legislation, has
12 it been introduced--introduced in Albany.

13 COUNCIL MEMBER COMRIE: Um-hum.

14 MR. PAGE: Will it get passed
15 before budget? I don't know. As you know often
16 those things hang out toward the end of the State
17 legislative session which tends to be towards the
18 back of June.

19 COUNCIL MEMBER COMRIE: Oh your
20 budget reflects these possible non-increases or
21 will it then--

22 MR. PAGE: [Interposing] Well at
23 this moment, as proposed, our budget does not
24 reflect a benefit in Medicaid but it does reflect
25 the \$100 million from the nickel on the bags as

1
2 well as the sales tax.

3 COUNCIL MEMBER COMRIE: Okay. Are
4 we talking capital now or is that part of the
5 discussion after the - - Commission?

6 CHAIRPERSON WEPRIN: We're not
7 doing capital although we did allow a couple of
8 generic capital questions earlier in the day.

9 COUNCIL MEMBER COMRIE: Okay. Well
10 then I'll just go back to my other concern is
11 about where we are and where we go in the process
12 and how are we going to get another opportunity to
13 have a public discussion with you and your staff
14 regarding this budget as we move forward to follow
15 up on some of the outstanding questions.

16 I'm not comfortable with--to get
17 all of the issues out in public in transparency.
18 I'm not comfortable with not having a second
19 hearing. And I hope that we can consider that,
20 considering that this year with the fact that we
21 need to really be more concerned about how we
22 divide the public's money in a budget deficit is
23 much more difficult than when we've done it before
24 in the past. And I--

25 MR. PAGE: [Interposing] I agree

1
2 very strongly.

3 COUNCIL MEMBER COMRIE: --

4 understand. I understand your difficulties but I
5 think that the more that we have public discussion
6 on it the better. And while I'm not disparaging
7 the staff I think it's important that we have
8 public discussion on this. And again I want to
9 credit you and your staff; you've always been
10 detailed and excellent. And I think that this
11 year more than ever we need to have those details
12 public. Thank you.

13 CHAIRPERSON WEPRIN: Thank you

14 Council Member. The time is now 1:30 and we are
15 actually on time because we're now going to
16 convene joint with the Community Development
17 Committee chaired by Council Member Albert Vann.

18 And we're still going to have Mr.
19 Page stay with us. We've allocated a half hour
20 for this portion to be followed by testimony from
21 the public. Anyone in the public who has not pre-
22 signed up for testimony, please see one of the
23 Sergeant at Arms.

24 We're now in Joint Session with the
25 Committee on Community Development and I call upon

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2 Chair Vann if he'd like to make a statement.

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CHAIRPERSON VANN: Thank you Mr.
4 Chairman. Mr. Page, you've been here for a while-

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SERGEANT AT ARMS: The hearing's
7 not over yet, please keep it down and exit
8 quietly.

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[Gavel banging]

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SERGEANT AT ARMS: Please exit
11 quietly. Thank you.

11

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CHAIRPERSON VANN: All right. Yeah
13 Mr. Page, you've been here for a while. In fact
14 the more people leave the better; we'll have a
15 personal conversation, probably get more answers.
16 I won't stand on ceremony. We'll sort of get
17 right into it. We have a half hour to get some
18 understanding. As the Chairman indicated I chair
19 the Committee on Community Development and I'm
20 really focusing... I'm really focusing on the
21 Community Development Block Grants. And obviously
22 the American Recovery and Reinvestment Act as it
23 relates to that--

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MR. PAGE: [Interposing] Um-hum.

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CHAIRPERSON VANN: --stimulus

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2 package. I guess first of all, can you tell me
3 if--what the average funding is for Community
4 Block Grants on a yearly basis. How much do the
5 New York City usually receive and what's the basis
6 of that formula?

7 MR. PAGE: Yeah. Sorry, I'll be
8 right with you.

9 [Pause]

10 MR. PAGE: The current entitlement
11 each year from the Feds has been in the
12 neighborhood of \$180 million for about the last 4
13 years. I think that the comparable number for
14 that for '10 is... I think it was \$176 million.
15 Added to that number each year is program revenue
16 where we have a... the development for instance in
17 the north end of the urban renewal area that
18 originally accommodated the World Trade Center
19 which was a bunch of parking lots north of the
20 World Trade site that's recently been built over
21 has given us several years of extraordinary
22 program revenue.

23 And that's, I think, in the last
24 few years been in the neighborhood of \$40 million.
25 And we also tend to have some amount that's not

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2 spent each year that gets rolled forward. The
3 basic number before the stimulus money for Fiscal
4 Year '10 is I think \$254 million. We have, I
5 think, just under \$50 million of stimulus money
6 which is added to that and has been included in
7 the proposed program which I--came out with the
8 budget. And you were looking for the factors that
9 drive how much--

10 CHAIRPERSON VANN: [Interposing]

11 Um-hum.

12 MR. PAGE: --we get.

13 CHAIRPERSON VANN: Right.

14 MR. PAGE: And they are the extent
15 of poverty in the City, the percent of pre-1940
16 housing in the City, and the extent to which
17 population growth in New York City has lagged the
18 national average growth. We actually believe that
19 we do reasonably well under this formula. We're
20 more than twice the next largest recipient of
21 block grant money, that being Chicago.

22 CHAIRPERSON VANN: Thank you. The
23 programs that exist in New York City, those, the
24 priorities for those programs are determined by
25 the Administration or categorical funding that

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2 comes from HUD? What we choose to do with that
3 entitlement--

4 MR. PAGE: [Interposing] It's, the
5 HUD guidelines are pretty exacting. And there's a
6 kind of allocation that we've developed over the
7 years which is heavily HPD because their purposes
8 qualify. What we really try to do is to find
9 purposes that we as a City think are important and
10 find the overlap between those purposes and the
11 CDBG requirement. What I'm looking for is the..
12 [Pause]. A little over half of that is HPD and
13 then there's money spread through homelessness,
14 sanitation, youth, city planning--

15 CHAIRPERSON VANN: [Interposing]
16 Right.

17 MR. PAGE: --Mayor's Office, but
18 it's required [Pause]. We're required to spend
19 the money basically in low income Districts in the
20 City and we're limited to no more than 20% in
21 terms of administrative New York City payroll on
22 those programs. And then I think that there are a
23 bunch of other requirements. We've developed over
24 a long time, I think, a pretty serviceable
25 relationship with the Feds.

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2 There's the constant hazard when
3 you get Federal funding with very carefully
4 defined Federal programs that you're going to
5 spend the money and then find that you get audited
6 and the money gets pulled back. And we've had an
7 extraordinarily low level of that I think because
8 we've managed to use the money for our purposes
9 that are also their purposes over time.

10 CHAIRPERSON VANN: Okay. I think I
11 understand that but just further clarification.
12 We determine the programs and we just make sure
13 that they respond to the guidelines that come from
14 HUD as opposed to HUD saying these are the areas
15 where you must spend the money. I want to--

16 MR. PAGE: [Interposing] They kind
17 of said these--they say these are the purposes for
18 which you must spend the money. And it's kind of
19 a catalog. And we use the money in ways that meet
20 their requirements. I guess I could use; there's
21 a lot of stuff that's not very new. I mean HPD,
22 emergency shelters, code enforcement, neighborhood
23 preservation, emergency repairs, a TIL program has
24 some--

25 CHAIRPERSON VANN: [Interposing]

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Um-hum.

MR. PAGE: --we use the money to maintain City property. We use it if a private property owner isn't providing heat or hot water we use the CD money for emergency--

CHAIRPERSON VANN: [Interposing] Right.

MR. PAGE: --repairs through HPD and then we go after the home owner to try to get the money back--the building owner to try to get the money back.

CHAIRPERSON VANN: Right. Well the point--

MR. PAGE: [Interposing] There's a whole miscellany of--

CHAIRPERSON VANN: [Interposing] Yeah I'm familiar with some of those.

MR. PAGE: Yeah.

CHAIRPERSON VANN: Just point of clarification. The fact that perhaps more than 50% goes to HPD for those types of programs--

MR. PAGE: [Interposing] Yeah.

CHAIRPERSON VANN: --is based on a priority that we the Administration said as

1
2 opposed to HUD saying use 50% of your money to
3 deal with housing concerns and issues. That was
4 our decision as opposed to HUD, that's what I'm...

5 MR. PAGE: I think it's a mixture
6 as a matter of fact. It's priorities of New York
7 City government that also fit the defined criteria
8 for how you can spend under the Federal CDBG
9 program.

10 CHAIRPERSON VANN: Did you have the
11 same requirements for the stimulus money--

12 MR. PAGE: [Interposing] Yes.

13 CHAIRPERSON VANN: Exactly the
14 same.

15 MR. PAGE: Yes.

16 CHAIRPERSON VANN: Um-hum. So that
17 you could not have any creative--you cannot
18 respond to any other additional needs as we saw it
19 from the City because we had to go within the
20 confines of what--of the money that we received
21 previously in the regular grant?

22 MR. PAGE: Well in our CD proposal,
23 we're at \$305 million instead of \$250 million or a
24 little over \$300 million.

25 CHAIRPERSON VANN: We added.

2 MR. PAGE: Because of the stimulus
3 money, we're proposing to use the stimulus money
4 which has mandates in it, that has the usual
5 programmatic description and then you're supposed
6 to spend it fast. So we've used it for \$10
7 million for code violation removal in schools; \$1
8 million neighborhood improvement; \$6 million
9 single adult services; \$3 million graffiti; almost
10 \$20 million for emergency repairs through HPD;
11 another \$3 million for emergency demolition in
12 HPD; \$5 million for trying to keep buildings from
13 going into abandonment; graffiti removal in parks
14 and playgrounds.

15 And we've chosen those programs
16 because they are CDBG programs that are clearly
17 inside the criteria for spending CDBG money. We
18 need to spend the money on these things. In some
19 cases we've actually, I think they have all been
20 increases in that program although in some cases
21 we have used a part of the stimulus money to
22 displace CD regular program money which we've
23 moved to other things that we were also going to
24 have to fund.

25 Less glorious but there's a fringe

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2 benefit cost relating to the CD program in New
3 York City which had a need of about \$8 million
4 which in the ricochet of using the stimulus money
5 we've put the stimulus money into programs, it's
6 freed up money that enabled us to cover that
7 collective bargaining. More emergency demolition
8 and in rem management.

9 I would see the stimulus money as
10 having increased the total pool of CDBG that we
11 have available to us. And then we've tried to put
12 it through where we're not going to have trouble
13 spending it. We're not going to have trouble
14 tracking it. And we're going to be able to
15 substantiate to the Feds that we spent it and
16 therefore they shouldn't take it back, it's real
17 money. And that said, then I think the question
18 becomes as to how we feel about the \$300 million
19 CDBG program that we've outlined for New York City
20 for Fiscal Year '10.

21 CHAIRPERSON VANN: What happens if
22 the money is unused at the end of the year?
23 Stimulus package money that is.

24 MR. PAGE: Stimulus money although-

25 -

CHAIRPERSON VANN: [Interposing]

That would be--

MR. PAGE: --they're very interested in having it spent quickly; in fact, I think that the deadline is September of '11 or '12. It's supposed to be spent by September 30th, 2012. So although they would like you to spend it early, if it doesn't get spent in '11 we would roll it over into--

CHAIRPERSON VANN: [Interposing] It would be rolled over.

MR. PAGE: --the next year as a practical matter.

CHAIRPERSON VANN: Yeah, right. What, you indicated that the money's supposed to be spent in low income neighborhoods and so forth.

MR. PAGE: Yes.

CHAIRPERSON VANN: Can you tell us what Community Districts or what Community--yeah, Districts are receiving this money? Is there a...?

[Pause]

MR. PAGE: It's going to be the highest percentage Districts in low-mod, in the City, and if it's not, or even if it is in here, I

1
2 will get you what those Districts are. I don't
3 have a list of them in front of me.

4 CHAIRPERSON VANN: By District are
5 you referring to the Community Board Districts?
6 What--

7 MR. PAGE: [Interposing] Yes I
8 believe so.

9 CHAIRPERSON VANN: --defines them?
10 Um-hum. So you can tell me how many Community
11 Board Districts actually receive this funding. Do
12 all--

13 MR. PAGE: [Interposing] Yes I
14 think so.

15 CHAIRPERSON VANN: --do all
16 communities--are there Community Districts that do
17 not receive any funding?

18 MR. PAGE: I don't know. I think
19 that [Pause].

20 CHAIRPERSON VANN: You're the only
21 one.

22 MR. PAGE: What's that--without a
23 dime, even for emergency repairs of buildings that
24 qualify? I don't know--

25 CHAIRPERSON VANN: [Interposing] I

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guess.

[Off mic]

MR. PAGE: Yeah.

CHAIRPERSON VANN: You have a high income level to be penalized by not receiving this funding is really tough.

MR. PAGE: I'll get you the distribution of it by District to the extent I can. A lot of it is driven by the emergency repair programs driven by where you get the call for the emergency repairs so that in the terms of the program up front you're not going to know what District it goes to necessarily. It's demand driven--

CHAIRPERSON VANN: [Interposing]

Okay.

MR. PAGE: --and a program run by HPD.

CHAIRPERSON VANN: Right. Because we have so little time and our members have some questions as well, I will ask one last question. If the Administration saw a major need for this funding for a--to respond to a need that they had not heretofore developed a program for, say

1
2 something happened in public housing for instance
3 and they saw--they wanted to establish something
4 to deal with that program which is not what you've
5 been doing previously, with the stimulus package
6 money, could you design a program to use that
7 money for that need? Obviously in a low income
8 District, obviously all the other--

9 MR. PAGE: [Interposing] Yeah.

10 CHAIRPERSON VANN: --things in
11 place.

12 MR. PAGE: If the need fitted. The
13 thing is, if the need fits CDBG requirements.

14 CHAIRPERSON VANN: Um-hum.

15 MR. PAGE: What we've tried to do
16 is use the stimulus money to increase the pot of
17 CDBG money available to New York City for 2010.
18 And we've tried to put it in places where it's
19 easily traceable because on top of the regular
20 CDBG qualifications because it's stimulus money
21 there are further reporting requirements on its
22 use. So we've tried to put it in sort of clear,
23 already tracked places.

24 On the other hand by putting it
25 there, to the extent it was an already existing

1
2 program, it means we've got somewhat more money to
3 use than we otherwise would have. I mean instead
4 of having a total of \$250 million we've got a
5 total of \$300 million. And therefore this
6 question of how best to utilize the CDBG resources
7 we have is in front of us with a bigger number, as
8 it would be each year.

9 CHAIRPERSON VANN: The primary goal
10 however is to stimulate the economy by saving
11 and/or preserving or creating jobs, is that not
12 the essence of the whole package? And--

13 MR. PAGE: [Interposing] I guess
14 there's a job dimension of it. Given [Pause] the
15 requirements of this sum of money, as I've said or
16 as I understand it, basically you have to meet all
17 the CDBG requirements and then they want you to
18 spend it fast and I guess they'd like jobs.

19 We have allocated it heavily to
20 housing and neighborhood preservation. No doubt
21 that requires people because you're basically
22 fixing things and it's people who do it and the
23 more money you have to spend on it the more people
24 you're going to have. I think that we would also
25 hope that it would serve the neighborhood

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2 preservation question, that if you can keep
3 buildings in repair and keep them from being
4 abandoned that at a time when people are worried
5 about foreclosures and so forth that that's
6 actually a significant benefit to try to keep
7 neighborhoods healthy to get through this so that
8 they'll be there when things turn up.

9 CHAIRPERSON VANN: Because, again,
10 time is of the essence, there are four Council
11 Members who have asked to ask you questions,
12 starting with Gale Brewer to be followed by
13 Council Member Sears, followed by Council Member
14 James and Council Member Sanders in that order.

15 COUNCIL MEMBER BREWER: Thank you
16 very much Mr. Chair. I know as part of the
17 stimulus package \$74 million is going to the
18 Department of Homeless Services for homeless
19 prevention. And the notes here indicate that \$6
20 million has been identified for shelters and
21 services under DHS. And I remember this number
22 when the Commissioner spoke at a hearing recently.
23 So the question is two-fold.

24 What happens to the balance of \$68
25 million and the reason I'm particularly interested

1
2 in this is that we spend a great deal of time in
3 budget negotiation on legal services in the
4 general sense, not The Legal Services. And to me
5 that is the best prevention mechanism are those
6 general legal services. So my question is can
7 that money be used for general legal service in
8 the nonprofit community?

9 And how are all of these
10 discussions for these types of money being made?
11 Is it through Skyler's office, is it through some
12 other mechanism for the planning of this funding.
13 We are trying to keep people out of the Department
14 of Homeless Services at any cost.

15 MR. PAGE: Yeah. The \$6 million
16 that we're talking about here is mandated single
17 adult shelter costs. It's actually covering an
18 ongoing program that the State has de-funded in
19 about this amount.

20 The remainder of it and the concern
21 that you're addressing, I can't give you a decent
22 answer to it this moment. I've sort of--I've got
23 the CDBG piece but I don't have the rest of it.
24 And I would imagine that it's Linda, basically.
25 But I'd be happy to follow up on that topic with

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you.

COUNCIL MEMBER BREWER: Okay. I would appreciate that. And the other question that I always ask is the technology--I guess--that's it for now. Thank you.

CHAIRPERSON VANN: Yes, as we move on, I must indicate that we've been joined by Council Member Mendez, Council Member Viverito, Council Member Sanders and Council Member Martinez. However the next question is Council Member Sears.

COUNCIL MEMBER SEARS: Why thank you Mr. Chair and I'm not sure exactly it's a question for you at this moment but since you're there I'm going to ask it. Where, anywhere, is health care in any of this stimulus package?

MR. PAGE: Health care.

COUNCIL MEMBER SEARS: Yes. I realize it's--

MR. PAGE: [Interposing] Specifically health care.

COUNCIL MEMBER SEARS: --economic development.

MR. PAGE: [Interposing] I'm not

2 sure--

3 COUNCIL MEMBER SEARS:

4 [Interposing] But the fact is we can have all the
5 jobs and we can have all the housing, if we don't
6 have healthy people, it's bad. And the reason I
7 ask that Mr. Page is because the HHC has been cut
8 terribly. The Medical Examiner can no longer do
9 the things that they do to actually protect the
10 public health.

11 And I'm not sure anywhere in the
12 dollars that will be coming down from the Federal
13 government through Albany, that there is a package
14 there for that. And we have hospitals that are
15 closing. They cannot keep up. We have the
16 existing hospitals that are so overcrowded that
17 the quality of health care is beginning to
18 deteriorate terribly. They can't afford the
19 technology and a one-time infusion of dollars
20 would be unbelievably helpful to providing for
21 millions--

22 MR. PAGE: [Interposing] Yeah.

23 COUNCIL MEMBER SEARS: --of people
24 in the City and their children.

25 MR. PAGE: Yeah.

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2 COUNCIL MEMBER SEARS: And I don't
3 know that answer to that so I'm asking you.

4 MR. PAGE: I think the quick answer
5 to your question is no. I mean maybe there's some
6 drips and drabs there but I'm not--nothing
7 significant that I'm aware of particularly. The
8 FMAP was really a vehicle to relieve local and
9 state governments of some part of the fiscal
10 burden of paying the Medicaid bill.

11 COUNCIL MEMBER SEARS: Um-hum.

12 MR. PAGE: But it's no health
13 program per se. It's a budget support program
14 which has nothing to do with health actually, you
15 reduce this expense and it just gives you money
16 that you didn't have to spend there so that you
17 don't have to raise taxes for it or cut another
18 service for it. I share your concern and it's
19 another aspect of our difficulties with the State
20 of New York--

21 COUNCIL MEMBER SEARS:

22 [Interposing] Um-hum.

23 MR. PAGE: --in terms of how money
24 comes for health services in New York City. As
25 we're both aware, HHC has--

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COUNCIL MEMBER SEARS:

[Interposing] Um-hum.

MR. PAGE: --been cut significantly in the money that it can expect from the State. That's not helpful at all. And the other thing that's happened in the latest State budget is that the special funds available to public hospitals, the UPL dish--

COUNCIL MEMBER SEARS:

[Interposing] Yeah, yeah.

MR. PAGE: --that HHC has used to keep itself solvent for the last few years and currently relies on and would hope to rely on for whatever program fixes its finances in the future, which is obscure to me at this point, has actually been diluted by the State which took a portion of that potential and put it into a fund for the benefit of voluntaries in New York City as opposed to HHC. Bitter to me as the City's Budget Director also is that the portion that HHC gets the benefit of the State does not contribute a dime to. It's 50% Federal or actually the FMAP percent so that that's helpful--

COUNCIL MEMBER SEARS:

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2 [Interposing] I understand that.

3 MR. PAGE: And the remainder is the
4 City. There is no State contribution to it.
5 Contrast the piece that they broke off for the
6 voluntaries where the State is paying its share.
7 And I mean HHC has problems in the a few hundred
8 million [pause] at the moment because of the State
9 cuts but when you look at its financial plan going
10 out, its problems are sort of the billion dollar
11 range.

12 COUNCIL MEMBER SEARS: Um-hum.

13 MR. PAGE: And how that gets
14 addressed in the next few years I think is going
15 to be a huge challenge for New York City--

16 COUNCIL MEMBER SEARS:

17 [Interposing] Yes it is--

18 MR. PAGE: --and HHC.

19 COUNCIL MEMBER SEARS: --and that's
20 why I bring that up and particularly that we're
21 still one of the few states where the State, we
22 have to pay our Medicaid costs--

23 MR. PAGE: [Interposing] Yeah.

24 COUNCIL MEMBER SEARS: --and that
25 doesn't--so they're very generous when they cap on

1
2 Medicaid but they're still paying, we're still
3 paying a lot into our Medicaid.

4 MR. PAGE: Yeah.

5 COUNCIL MEMBER SEARS: I thank you.
6 I think we know when they come before us and what
7 we're going to have to do but thank you. You
8 cleared that up.

9 CHAIRPERSON VANN: Council Member
10 James.

11 COUNCIL MEMBER JAMES: Mr. Page, my
12 District, I have, well particularly Community
13 Board 2, overwhelming amounts of or I should say
14 there's a concentrated brownstones where there's
15 great wealth but there's pockets of poverty.

16 MR. PAGE: Um-hum.

17 COUNCIL MEMBER JAMES: Which
18 unfortunately the brownstones tend to put in the
19 shadow. And oftentimes these pockets of poverty
20 are not eligible for grants and/or do not show up
21 when we map out poverty in the City of New York.

22 MR. PAGE: Um-hum.

23 COUNCIL MEMBER JAMES: Because of
24 gentrification and again it's because they are
25 overshadowed by this great wealth.

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MR. PAGE: Um-hum.

COUNCIL MEMBER JAMES: To what extent is the City of New York and to what extent does this CD fund concentrate on those areas where they are experiencing gentrification and there's pockets of poverty that are now overshadowed by the wealth?

MR. PAGE: Well I think--

COUNCIL MEMBER JAMES:
[Interposing] And since--and how do we determine, I mean since you're going to provide the Chair Community Districts, my, the Community--

MR. PAGE: [Interposing] Yeah.

COUNCIL MEMBER JAMES: --Board 2 will probably not show up because again of this disparity--

MR. PAGE: [Interposing] Yeah I don't really know. I mean I think that I'm sure you're right that in terms of Districts, the circumstance you describe isn't going to fit very well but I believe that I've been told that where you have buildings in a given neighborhood that are very much sort of below the standard of the neighborhood that that is in fact a potential

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2 object of CDBG spending. I need to confirm this
3 but I believe that the emergency repairs and so
4 forth [Pause] can perhaps work in Districts of
5 that kind as well. And I just need to get back to
6 you--

7 COUNCIL MEMBER JAMES:

8 [Interposing] I just--

9 MR. PAGE: --on this particular
10 issue.

11 COUNCIL MEMBER JAMES: And it's
12 really just a general question, a philosophical
13 question as to how we spend our funds. Is it
14 based on Community Boards? We look at Community
15 Boards. Do we look at zip codes? If we look at
16 either of those--

17 MR. PAGE: [Interposing] Yeah it's-

18 -

19 COUNCIL MEMBER JAMES: --
20 indicators.

21 MR. PAGE: It varies by the
22 particularly program--

23 COUNCIL MEMBER JAMES:

24 [Interposing] Okay.

25 MR. PAGE: --and when you look at

1
2 the terms of the program, there's a lot of
3 spending in, as I say, HPD is more than half of
4 it. And a lot of the spending is actually need-
5 driven. It's specific, you know, emergency repair
6 programs, it has to do with who has the building
7 that doesn't have the heat and they call up and
8 HPD finds that that's an emergency and they go and
9 spend the money to fix it. And then--

10 COUNCIL MEMBER JAMES:

11 [Interposing] Like for instance the Beacon
12 programs and Beacon programs and other social
13 services, is it driven by Community Boards, zip
14 codes or actual census maps, block by block?

15 MR. PAGE: I think that the HPD
16 stuff is actually the particular building--

17 COUNCIL MEMBER JAMES:

18 [Interposing] Yes.

19 MR. PAGE: --now they have a lot of
20 programs designed to keep buildings viable.
21 There's a certain amount of spending on buildings
22 that the City itself owns because they've taken
23 them in rem and their operating costs--

24 COUNCIL MEMBER JAMES:

25 [Interposing] Sure.

2 MR. PAGE: --and there are various
3 HPD programs to try and get them back into private
4 hands--

5 COUNCIL MEMBER JAMES:

6 [Interposing] Yes.

7 MR. PAGE: There are HPD programs
8 for rebuilding buildings--

9 COUNCIL MEMBER JAMES:

10 [Interposing] HPD's a little different because it
11 is, again, when individuals self-identify. But
12 other agencies, such as within ACS and other
13 social services--

14 MR. PAGE: [Interposing] You're
15 asking a broader question--

16 COUNCIL MEMBER JAMES:

17 [Interposing] Yeah.

18 MR. PAGE: --and at this moment I--

19 COUNCIL MEMBER JAMES:

20 [Interposing] Okay.

21 MR. PAGE: --don't have a decent
22 answer but I agree with you it's an interesting
23 question. Let me--

24 COUNCIL MEMBER JAMES:

25 [Interposing] Okay--

MR. PAGE: --work on it.

COUNCIL MEMBER JAMES: --sure. I mean it's a question that I pose to a lot of the Commissioners and no one seems to know the issue. But again it really is a broader discussion that we really need to have in the City of New York particularly as we look at Districts which were once classified as poor and now because of gentrification are no longer classified as poor but yet there's pockets of poverty.

MR. PAGE: Um-hum.

COUNCIL MEMBER JAMES: I want to go back to ACS and the transfer of 4 and 5-year olds to--

CHAIRPERSON VANN: [Interposing] Council Member, I'm as concerned about that issue as you but it is only a small window of discussion around Community Block Grants which is the focus of this particular hearing.

COUNCIL MEMBER JAMES: So my question then Chair is the Community Block Grants, are any of the funds going to childcare in the City of New York? And if they are, to what extent can they avert the transfer of these 4 and 5-year

1
2 olds and the closure of daycare centers? How
3 about that?

4 [Pause]

5 MR. PAGE: I think that the [Pause]
6 the focus of the only CDBG money that we're aware
7 of in childcare is in emergency repairs and things
8 of that kind on childcare facilities, buildings.

9 CHAIRPERSON VANN: All right.
10 Thank you Ms. Council Member James, now we just
11 heard, Council Member Sanders.

12 COUNCIL MEMBER SANDERS: Thank you
13 Mr. Chair, Deputy Mayor. Allow me to return you
14 to part of the original mission of CDBG and two
15 short, two quick questions here. My first one is,
16 is any CDBG money being used in the World Trade
17 Center for the development?

18 [Pause]

19 MR. PAGE: I wouldn't believe so
20 but I'll look further and find out if I'm wrong.
21 It doesn't--I don't know why it would be.

22 COUNCIL MEMBER SANDERS: Good. The
23 second one is the, I'm very concerned about job
24 creation, business creation. And seemingly we
25 need to focus more on that aspect of using these

1
2 funds. If we could create enough business, enough
3 wealth if you wish, people could solve their other
4 problems. But if we do not create this type of
5 jobs, businesses, wealth, we will forever find
6 ourselves trying to put Band-Aids--

7 MR. PAGE: [Interposing] Um-hum.

8 COUNCIL MEMBER SANDERS: --on this
9 matter. With that in mind, if you could speak of
10 the direction and oversight of the WIA Board also.
11 Job creation and Workforce Incentive Act,
12 whatever--

13 MR. PAGE: [Interposing] Yeah.

14 COUNCIL MEMBER SANDERS: How do we
15 work together? Since they have a similar mission.

16 MR. PAGE: I mean in CDBG, I mean
17 one program that's I think new, not a lot of
18 money, but it's trying to sort of clean up and
19 push along retail strips that are suffering from
20 vacant buildings and sort of an appearance of
21 decay. The whole WIA question, I hear your
22 question. And I can't give you a decent answer at
23 this moment. It's a whole elaborately developed
24 process that I guess DYCD and others are working
25 on right now.

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COUNCIL MEMBER SANDERS: SBS.

MR. PAGE: SBS?

COUNCIL MEMBER SANDERS: I

appreciate your honesty Sir and that is the only answer that I would imagine we can give. No one knows.

MR. PAGE: Yeah.

COUNCIL MEMBER SANDERS: Thank you very much.

MR. PAGE: Sorry.

COUNCIL MEMBER SANDERS: Thank you very much Mr. Chair.

CHAIRPERSON VANN: Council Member Comrie.

COUNCIL MEMBER COMRIE: Yes. Good afternoon again. I think I heard you say earlier that you don't have a breakdown on Community Boards with the funding allocation for Community Block Grant Development Grants. And I was just trying to ascertain if there was any more money given to Queens in the '10 budget for CDBG funding since Queens has been historically under funded fro the last 10 or 12 years or so as far as the overall numbers. And but I already heard that you

1
2 didn't have those specific numbers, is that
3 correct?

4 MR. PAGE: Well I said I would try
5 to get the Districts where the money's spent.
6 There's going to be a large open question but
7 maybe we can get you the, looking backwards at
8 least, the Borough allocation. The open question
9 is that so much of it is funding ad hoc repair
10 programs which are run by HPD and the spending is
11 driven by the need. It's literally, you know,
12 somebody calls up and they have no heat or no hot
13 water or the roof's pouring water down inside or
14 something and HPD acts.

15 COUNCIL MEMBER COMRIE: But isn't
16 there also a Federal mandate to do more CDG monies
17 for community investment and economic development?
18 Hasn't there been a request from the Federal
19 government for more monies to be focused on that.
20 I understand you need to do the emergency repair
21 but I kind of feel that this money is being spent
22 like--taken like the Lotto money was a few years
23 ago where we have a need which is a demonstrated
24 need to do emergency repair but it's not being
25 used for trying to generate some money which I

1
2 understand is an allowable opportunity for CDG
3 money also.

4 Again I want to be clear. I'm not
5 saying that the emergency repair programs are not
6 important but there just seems to be a
7 preponderance of money spent on those programs and
8 not any programs on economic development, which I
9 understand are CDBG eligible. And especially in
10 our neighborhoods to try to create that
11 opportunity, I would hope that there's something
12 that can be done with that.

13 But even in the emergency repair
14 program I would hope that we consider, especially
15 in Queens, where I have a lot of elderly
16 homeowners that they could do an elderly, senior
17 repair homeowner program since that is one of the
18 focuses on emergency spending for home repair,
19 along with the program that I hope that is being
20 implemented to ensure that foreclosure homes get
21 the emergency repair money so that we can keep
22 these homes out of the way of people that will
23 want to only go into them and squat and to do
24 other nefarious things which would be difficult to
25 the community.

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2 And I was trying to look at the
3 economic development programs that are being
4 offered under CDBG and I'm confused as to what
5 they are actually. Do you have any specificity on
6 those programs that are being offered for economic
7 development out of the money that's being spent
8 for the Community Development Block Grant money
9 for 2010?

10 MR. PAGE: Out of the whole \$300
11 million, I'm sorry I don't know the economic
12 development per se, although I would think that
13 this as a funding source for economic development
14 needs to be looked at in the overall context of
15 what we spend for economic development because
16 it's, you know, CDBG is a particular brand of
17 revenue to us.

18 As we go through the ongoing
19 process of trying to get everything done that
20 inevitably we don't have enough money for, we are
21 constantly trading CD dollars in and out where the
22 need is one that qualifies for them as a revenue.
23 But I think that I wouldn't look at economic
24 development just as within the CD purpose. I'm
25 not sure that you're going to find that it stands

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2 alone particularly as opposed to just as a perhaps
3 piece of the overall funding for citywide economic
4 development.

5 COUNCIL MEMBER COMRIE: Okay. I
6 hear what you're saying. I appreciate what you're
7 saying. I think that also though my understanding
8 is that there is more opportunity for usage for
9 that money under the new Administration--

10 MR. PAGE: [Interposing] The--I'm--

11 COUNCIL MEMBER COMRIE: --and I
12 would hope that we would have some further
13 discussions about that.

14 MR. PAGE: Yeah. In the [pause]
15 there are three programs in the existing proposal
16 for CDBG. There's the retail strips that I spoke
17 of earlier which is an SBS neighborhood
18 revitalization. There's an SBS program dealing
19 with vendor markets that provides technical help
20 to new and existing markets. And there's some--

21 [Crosstalk]

22 [Off mic] --been used in years.

23 MR. PAGE: --graffiti removal. I'm
24 sorry?

25 [Off mic] I'm out of order. I

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strike my--out of order--

CHAIRPERSON VANN: Yeah.

MR. PAGE: - - money.

CHAIRPERSON VANN: We'd like--yeah
Mr. Page you've been here a long time I want to
get to the last questioner. Council Member
Comrie, were you complete?

COUNCIL MEMBER COMRIE: I was
waiting for him to finish his answer--

MR. PAGE: [Interposing] Sorry.

[Laughter]

COUNCIL MEMBER COMRIE: That was my
last question so I look forward to the memo on
that as well then.

MR. PAGE: Okay.

COUNCIL MEMBER COMRIE: But since
it is late and I appreciate your time and patience
being here. But I would just hope that we look to
do some reallocations and I would hope to be part
of that conversation. Thank you.

MR. PAGE: Okay.

CHAIRPERSON VANN: Council Member
Viverito.

COUNCIL MEMBER MARK-VIVERITO:

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2 Thank you Mr. Chair and I will try to be brief.
3 Good afternoon. And I did come a little late so
4 if these questions were answered you could just
5 let me know that. So is it safe to say that most
6 of the stimulus money that's coming to the City is
7 going through the CDBG program or not necessarily--
8 -

9 MR. PAGE: [Interposing] No. No.
10 There's a bit--I mean at the beginning I basically
11 said that we've got about \$2 billion of budget
12 balance that's coming through in stimulus money.
13 And that's, the vast bulk of it is, we've got
14 about \$900 million in Education, a little more
15 than that--

16 COUNCIL MEMBER MARK-VIVERITO:
17 [Interposing] Um-hum.

18 MR. PAGE: And we have over the
19 three years, '09, '10 and '11, a bunch of money
20 which is coming in higher participation by the
21 Feds in our local Medicaid costs. Traditionally
22 they've been 50% and they're going up to I think a
23 maximum of 61.5% depending on where you are in
24 your unemployment level over this period of time.
25 Those are the big amounts that are really--

COUNCIL MEMBER MARK-VIVERITO:

[Interposing] Right.

MR. PAGE: --affecting our operating budget. However we also have some \$50 million that's in the CDBG budget which is basically increasing the scope of our CDBG program for Fiscal Year '10 by that amount of money. We'd be at about \$250 million; we're at \$300 million.

COUNCIL MEMBER MARK-VIVERITO: All right. Okay. Now I don't, you know, we got our briefing papers and that doesn't--I know it's not produced by your office but I noticed--I thought that the increase in the SYEP program was through the CDBG program, no? the number of slots for DYCD is not through the CDBG grant? It's WIA. Okay got you, no problem. That takes care of that. Now most of the money that's being--is it safe to say that most of the money that's coming down to the different agencies, SBS, HPD, etcetera is primarily going to existing organizations--

MR. PAGE: [Interposing] Yes.

COUNCIL MEMBER MARK-VIVERITO: -- that are just getting expanded or extended amendments to their contracts?

2 MR. PAGE: Well there's some new
3 mandates that we're faced with having to do with,
4 well the Building Department and requirements to
5 knock down buildings and fix things that we've
6 used it for. But we've tried to use it in slots
7 where there were established programs and not too
8 many established programs because they want us to
9 spend it fast--

10 COUNCIL MEMBER MARK-VIVERITO:

11 [Interposing] Fast.

12 MR. PAGE: --and they want us to
13 keep exact records of our stimulus spending. And
14 we wanted to be able to safely hit those buttons
15 because that's how you actually get the money,
16 having used the money in those places, though,
17 that means you have more money in the overall pool
18 to spread around to your CDBG priorities. And
19 that, you know, that's what we've proposed.

20 COUNCIL MEMBER MARK-VIVERITO: I

21 guess the reason I'm asking is it's understood
22 that you have to get the money out the door as
23 quick--

24 MR. PAGE: [Interposing] Um-hum.

25 COUNCIL MEMBER MARK-VIVERITO: --as

1
2 quick as possible. But the other thing is, I know
3 I've been speaking to SBS a lot with regards to
4 the stimulus monies--

5 MR. PAGE: [Interposing] Um-hum.

6 COUNCIL MEMBER MARK-VIVERITO: --
7 that they're going to be channeling. And they
8 said just that. They said that a lot of it is
9 going to organizations that they already have
10 contracts with because it is the fastest way to
11 get it out the door but that there might be some
12 slight opportunities for new RFPs or new
13 organizations to apply for some of the money.
14 And, you know, I think that what--

15 MR. PAGE: [Interposing] I think
16 that's true of stimulus money in general.

17 COUNCIL MEMBER MARK-VIVERITO:
18 Right.

19 MR. PAGE: It's not so true of the
20 CDBG, which is a fixed number that we've gotten.
21 I'm not aware that we're open to--and maybe it's
22 just that I'm ignorant but I'm not aware that
23 we've got additional ability to apply for grants
24 of competitive programs in this money but we do in
25 some stimulus categories which is an open, ongoing

1
2 effort. And, you know, as we win one, we'll get
3 it.

4 COUNCIL MEMBER MARK-VIVERITO:

5 Okay. I, yeah, I mean I guess 'cause again and it
6 came up in the hearings preliminarily as well with
7 regards to how do we, as a Council, work more
8 closely with the Administration in being able to
9 prioritize in some cases where that money is
10 going. And that is something I think that I wish
11 we could do more, work more closely to that end.

12 MR. PAGE: Um-hum.

13 COUNCIL MEMBER MARK-VIVERITO: So
14 just the last question if I may, just with regards
15 to going back to what Council Member Brewer was
16 indicating with regards to the money allocated to
17 DHS. Could you just describe a little bit more in
18 detail about what the primary emphasis is of that
19 program? Is it to one-shots; is it to divert
20 people from the system? I mean what services
21 exactly with regards to the DHS adult services?

22 MR. PAGE: In the CDBG thing is, it
23 is actually a shelter cost--

24 COUNCIL MEMBER MARK-VIVERITO:

25 [Interposing] Um-hum.

MR. PAGE: --for single adults.

And it's about \$6 million. But the much broader program that your colleague was asking about is, it's not CDBG money, it's a whole bunch of other money, right? Where's it come from? It's what?

[Pause]

MR. PAGE: Homeless Prevention funds from HUD. It's a different grant. It's a different source. It's got different requirements on it. And--

COUNCIL MEMBER MARK-VIVERITO:

[Interposing] So that's not through CDBG is what you're saying--

MR. PAGE: [Interposing] That's not this one. But--

COUNCIL MEMBER MARK-VIVERITO:

[Interposing] Okay. Now what do we have here.

MR. PAGE: --it, it's, I mean it's a different concern that we can address with you but I can't at this moment frankly.

COUNCIL MEMBER MARK-VIVERITO:

Okay.

CHAIRPERSON VANN: Right.

COUNCIL MEMBER MARK-VIVERITO: All

2 right, those are my questions, thank you Mr.
3 Chair.

4 CHAIRPERSON VANN: Yeah thank you
5 Mr. Page. It would be helpful if you could
6 provide our staff with the HUD guidelines, if you
7 will, the requirements that we must respond to as
8 an Administration for creating these programs.

9 MR. PAGE: Okay.

10 CHAIRPERSON VANN: That would be
11 very helpful, otherwise it's kind of difficult to
12 see, you know, why you do some of the things that
13 you do--

14 MR. PAGE: [Interposing] It is, I
15 mean--

16 CHAIRPERSON VANN: [Interposing] Is
17 that available?

18 MR. PAGE: This program is
19 developed in those guidelines and over the years
20 we've actually developed a relationship with the
21 Feds in the operation of our program. We've been
22 very successful in reliably drawing down their
23 funds. But let me get you the--

24 CHAIRPERSON VANN: [Interposing]
25 The guidelines.

1
2 MR. PAGE: --requirements which I
3 think are elaborate.

4 CHAIRPERSON VANN: We appreciate
5 it--

6 MR. PAGE: [Interposing] Okay.

7 CHAIRPERSON VANN: --and thank you
8 very much for your time and indulgence and
9 patience.

10 MR. PAGE: Well thank you very
11 much.

12 CHAIRPERSON VANN: You're welcome.

13 [Pause]

14 COUNCIL MEMBER JACKSON: Thank you
15 Council Member Vann, the Chair of the Community
16 Development Committee. Next we're going to go to
17 the public session of the Finance Committee
18 hearing on the Executive Budget. And we have two
19 individuals that wish to speak in the public
20 session. Tasha Lindsey from Community Voices
21 Heard, please come forward, and Jennifer Mach-
22 Jolly from Citizens Committee for Children of New
23 York. Are there any other individuals that wish
24 to speak on the budget hearing today? Okay.
25 Please come forward.

1

[Pause]

2

3

CHAIRPERSON WEPRIN: Make sure you fill out a slip with the Sergeant at Arms.

4

5

[Pause]

6

CHAIRPERSON WEPRIN: Um-hum.

7

[Witnesses getting settled]

8

CHAIRPERSON WEPRIN: Is it just the two of you? We won't use the timer but just use your discretion.

9

10

[Pause]

11

MS. TASHA LINDLEY: Okay.

12

CHAIRPERSON WEPRIN: Go ahead.

13

MS. LINDLEY: All right. Good

14

afternoon everyone. My name is Tasha Lindley; I

15

am the Gail Asco [phonetic] Policy and Research

16

Fellow at Community Voices Heard. Community

17

Voices Heard is a membership-based and membership-

18

led nonprofit organization that is statewide with

19

approximately 20,000 members throughout 4 chapters

20

throughout the State.

21

Our first chapter started in New

22

York City and most of our members are women of

23

color who have experience with public assistance.

24

We have several campaigns. And what I wish to

25

1
2 speak to you about today is a failing yet costly
3 Welfare to Work Program being administered by the
4 Human Resources Administration.

5 This program is called Back to
6 Work. In my--well this actually I'm here today
7 because as a membership-led organization we have
8 our members come and testify. And unfortunately
9 one of our members was unable to attend, the one
10 that prepared testimony. So I am speaking on his
11 behalf as well as on behalf of the organization.

12 CVH created a research report, an
13 evaluation of the Back to Work program using both
14 data that we collected on our own as well as HRA's
15 own data. All findings point to a failing
16 program. There's high rates of recidivism.
17 There's poor job placement. People are cycling in
18 and out of the system. Punitive sanction
19 policies, just to really paraphrase, the program
20 is failing and it's costing the City \$53 million a
21 year.

22 We have spoken with Commissioner
23 Door, HRA Commissioner Door and he has either been
24 reluctant, unresponsive or hesitant to implement
25 our set of recommendations which are included in

1
2 the Executive Summary that you all have. Recently
3 there was a Contracts and General Welfare
4 Committee hearing about this program and Seth
5 Diamond who is the Executive Deputy Commissioner
6 of HRA also seemed pretty reluctant to implement
7 some changes or even recognize that the program
8 was failing.

9 So we're looking to City Council
10 and the New York City Comptroller to show
11 leadership on this issue. What we're asking is
12 that the--well essentially the Back to Work
13 program, the contracts are up for renewal in June
14 2009. There is an option for a 3-year renewal.
15 However it does not look like changes are going to
16 be made on HRA's part so we're looking for outside
17 pressure.

18 We're asking New York City Council
19 to not approve the budget for the Back to Work
20 program, to hold up the contracts, issue an
21 emergency extension and ask that HRA create a new
22 RFP to implement a new and improved program.

23 Just FYI, we've also been speaking
24 with the City Comptroller's Office and have been
25 urging targeted Council Members to call his office

1
2 and ask that he not approve the contracts when
3 they're sent to be registered with his office,
4 that he too ask that HRA--not ask but require an
5 emergency extension of the program so services can
6 continue until a new program is created through a
7 new RFP. And I'm willing to take any questions if
8 there are any.

9 CHAIRPERSON WEPRIN: Okay. Well
10 why don't we hear from you co-panelist.

11 MS. LINDLEY: Sure.

12 CHAIRPERSON WEPRIN: And then we'll
13 take questions.

14 MS. JENNIFER MARCH-JOLY: Good
15 afternoon. My name is Jennifer March-Joly, the
16 Executive Director of Citizens Committee for
17 Children of New York. And I thank Council Member
18 Weprin and other members of the Finance Committee
19 for the opportunity to testify about the Executive
20 Budget for 2010.

21 While we appreciate the severity of
22 the budget crisis and are clearly grateful for the
23 Federal stimulus funding, we don't believe that
24 the Executive Budget goes far enough to protect
25 New York City's children and particularly its

1
2 neediest children from a disproportionate burden
3 of the economic downturn. We know during economic
4 downturns, like the one we are in the midst of, it
5 is more important than to protect core services
6 for children and families. Youth services, child
7 abuse prevention services, child protection,
8 foster care, after school programs, child care,
9 children's health and mental health services are,
10 and will continue to be, critical to promoting the
11 well-being of children and families.

12 To protect children in this budget,
13 we urge the City Council and the Mayor to consider
14 additional revenue options, particularly those
15 that are the least regressive. And we fear that
16 without much needed revenue, over \$100 million in
17 troublesome reductions to essential services may
18 stand, and we believe that they will jeopardize
19 child safety and threaten child well-being.

20 While we were relieved that the
21 Executive Budget did not propose new child welfare
22 reductions and partially closes the child care
23 budget gap, we remain concerned that the budget
24 includes many of the reductions initially proposed
25 in January. We fear that reductions to community-

1
2 based preventive services which will impede them
3 from maintaining lower caseloads and serving the
4 most at-risk families.

5 We also know that rate reductions
6 proposed for foster care will impede the ability
7 of agencies to meet the needs of these children
8 and families and expedite permanency. And ACS as
9 you know is threatened with the reduction of
10 almost 1,000 staff. We're also particularly
11 concerned about reductions to child health clinics
12 and school based dental clinics and notably the
13 structural deficit faced by HHC is not recognized
14 in the Executive Budget and in order to close
15 their own gap they are also proposing the
16 elimination of community health clinics that serve
17 children, school based mental health programs and
18 adolescent day treatment programs. In short,
19 basic primary health care services to for the
20 City's poorest children are threatened with
21 elimination.

22 And finally, we remain concerned
23 that are substantial reductions to youth services
24 and after school programs proposed in this budget
25 at a time when all research tells us that concrete

1
2 activities between 3:00 and 6:00 o'clock are the
3 best things to offer children to keep them engaged
4 in school and on the path to job readiness

5 So clearly the job before you is an
6 enormous one. We are really fearful that without
7 additional progressive revenue options on the
8 table that many of the things that you fight for
9 year in, year out, will be threatened with
10 elimination.

11 We ask you to consider the
12 following revenue options. They might sound crazy
13 but we're encouraging you to turn over every
14 stone. What about temporarily rescinding property
15 tax exemptions on private City universities and
16 colleges or temporarily altering property tax
17 agreements on stadiums, as well as weighing
18 progressive local income tax increases.

19 We look forward to working with you
20 on these and many other proposals and we hope that
21 the budget that's adopted in June will restore
22 many essential services for children. Thank you.

23 CHAIRPERSON WEPRIN: Thank you.

24 Any questions? Thank you very much. Anybody else
25 like to testify? Seeing none, we will reconvene

1
2 tomorrow morning, the Finance Committee at 9:30
3 with the Department of Consumer Affairs, followed
4 by Fire, Emergency Medical Services, Corrections,
5 Criminal Justice Coordinator, Indigent Defense
6 Services, Legal Aid Society, the Department of
7 Investigation and then we will hear from members
8 of the public on any of those topics starting
9 approximately 3:00 P.M. tomorrow. We are now
10 adjourned until 9:30 tomorrow morning.

11 [Gavel banging]

12 [END 1002.MP3]

13

C E R T I F I C A T E

I, Laura L. Springate certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

A handwritten signature in cursive script that reads "Laura L. Springate". The signature is written in black ink on a light-colored background.

Signature _____Laura L. Springate_____

Date _____September 14, 2009_____