

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON ECONOMIC DEVELOPMENT

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February 9, 2009

Start: 1:15pm

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HELD AT: Council Chambers
City Hall

B E F O R E: THOMAS WHITE, Jr.
Chairperson

COUNCIL MEMBERS:
Albert Vann
Letitia James
Annabel Palma
David I. Weprin
David Yassky
Diana Reyna
Alan J. Gerson

A P P E A R A N C E S

COUNCIL MEMBERS:

G. Oliver Koppel
Gale A. Brewer
Inez Dickens
James Sanders, Jr.
Robert Jackson
Melissa Mark-Viverito

A P P E A R A N C E S (CONTINUED)

Jeff Kay
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Larian Angelo
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Joe Jarrin
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Harry Morose
Drum Major Institute for Public Policy

Mijin Cha
Director of Campaign Research
Urban Agenda

James Heyliger
Minority Business Leadership Council

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2 CHAIRPERSON WHITE: Good afternoon,
3 ladies and gentlemen. My name is Tom White, Chair
4 of the Economic Development Committee. At today's
5 hearing, we will outline the need for, and
6 examine, the potential impact of the Federal
7 economic stimulus package on the City of New York.
8 I want to thank the Mayor's Office of Operations,
9 the Coalition to Keep New York City Working, the
10 United Federation of Teachers and all others who
11 have taken time to testify on this important
12 matter.

13 The state of the Federal, State and
14 City economy is grim, with near frozen credit
15 markets, trouble in the housing markets, rise in
16 foreclosures, high rates of unemployment and the
17 lack of both consumer and business spending. The
18 nature of the current economic downturn is
19 projected to have severe impact on the New York
20 City metropolitan region.

21 Given these stark realities, it is
22 important for the City of New York to gauge the
23 impact of the Federal economic stimulus package
24 and to work to ensure that its content directly
25 benefits the average New Yorker in a tangible way.

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2 The Council will also ensure that the New York
3 City shovel-ready projects are carefully selected
4 so as to have both an immediate impact in terms of
5 job creation and job loss mitigation, as well as
6 workforce training. At the same time, the City
7 should advance and support projects that lay the
8 foundation for a new clean energy, economy that
9 addresses the City's current infrastructure,
10 deficits and takes in future needs into the
11 account.

12 Mayor Bloomberg released a report,
13 Federal Economic Recovery Bill, Priorities for New
14 York City, which contained recommendations for
15 several of the Federal investments to successfully
16 stimulate the economy in the short term and to
17 enable local government to build a new generation
18 of infrastructure and repair and upgrade vital
19 assets that are essential to our future national
20 competitiveness.

21 The main thrust of his
22 recommendation investments included investing in a
23 ready-to-go public infrastructure; provide direct
24 fiscal assistance to the cities and
25 municipalities; strengthen the municipal credit

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2 markets; targeting workforce development;
3 enhancing social service programs. And, on
4 January 28th, the United States House of
5 Representatives passed the American Recovery and
6 Reinvestment Act of 2009, characterized as the
7 first step in a concerted effort to create and
8 save three to four million jobs, jumpstart the
9 economy and begin the process of transforming it
10 from the 21st century-- into the 21st century with
11 275 billion in economic recovery tax cuts with 550
12 billion in targeted priority investments.

13 The litigation targets investments
14 to key areas that will create and deserve good
15 jobs at the same time as it is strengthening the
16 ability of this economy to become more efficient
17 and produce more opportunities for employment.
18 These areas include clean, efficient American
19 energy; transforming our economy with scientific
20 technology; modernizing roads, bridges, transit
21 and waterways; education for the 21st century; tax
22 cuts to make work pay and create jobs; lowering
23 healthcare costs; helping workers, hurt by the
24 economy, and saving sector jobs and protect vital
25 services.

1
2 The United States Senate passed its
3 version of the American Recovery and Reinvestment
4 Act of '09. The Senate's version cuts 40 billion
5 in state and local fiscal stabilization aid which
6 would further burden New York City. Our hope is
7 for this money to be put back in the conference
8 bill in order to prevent further devastating cuts
9 and ensure timely short term economic stimulus and
10 to maintain casual municipal services without
11 interruption.

12 During this hearing, the Committee
13 will examine the recommendations for a series of
14 federal investments contained in the Mayor's
15 report and hear from our concerned groups on what
16 they feel New York City priorities should be.

17 I would like to acknowledge my
18 colleagues who are present on the Committee,
19 Council Member Vann, Councilwoman James, Council
20 Member Palma and also joining us is Council Member
21 Koppel and Councilwoman Brewer. Now, I'd like to
22 call Jeff Kay of the Mayor's Office of Operations.

23 JEFF KAY: Thank you. Good
24 afternoon, Chairman White and Committee members.
25 My name is Jeff Kay. I'm the Director of the

1
2 Mayor's Office of Operations. I'm joined today by
3 Larian Angelo from OMB, Joe Jarrin from Department
4 of Transportation and Kristen Misner from Deputy
5 Mayor Gibbs' office to help answer any questions
6 you may have on our proposals.

7 Thank you for the opportunity to
8 speak today about the Federal Economic Stimulus
9 package and its potential impact on New York City.
10 As the nation faces a prolonged economic downturn,
11 the Administration is working hard to help New
12 Yorkers stay in their homes, keep their businesses
13 open, find new jobs, feed their families and
14 stabilize their finances. Several months ago, we
15 announced a series of initiatives to create jobs,
16 support New York City's workforce, the small
17 businesses and homeowners and provide targeted
18 relief to the most vulnerable New Yorkers.

19 One measure of the continuing
20 difficulties we face is our own budget. Recently,
21 the Mayor released the City's preliminary budget
22 for fiscal year 2010, addressing the challenges of
23 closing a \$4 billion gap. Although we have been
24 aggressive in confronting these challenges, a
25 focused, multi-pronged approach is also

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2 necessary at the Federal level to speed the City's
3 recovery from this recession and ensure the
4 region's long term economic health.

5 As you know, the President and
6 Congress have spent the last few weeks discussing
7 and crafting just such an economic recovery plan,
8 designed to create more than three million jobs by
9 investing in infrastructure projects, making
10 public buildings, homes and schools more energy-
11 efficient, protecting and enhancing the
12 environment, expanding social safety net programs,
13 such as Medicaid and unemployment benefits,
14 providing fiscal relief to cities and states and
15 funding middle-class tax cuts and tax credits to
16 small businesses.

17 In the last few weeks, this package
18 has come into focus. As you mentioned, the House
19 passed the American Recovery and Reinvestment Act
20 on January 28th, with \$819 billion in spending and
21 tax cuts over a two-year period. The Senate has
22 agreed to its own version of the bill, which, on
23 February 6th. The final details are first being
24 worked out. And, I believe I just received the
25 statutory language this morning.

1
2 Today, I just want to outline
3 several key priorities that we believe will have
4 the most immediate impact into New York City's
5 government, as well as provide you with an initial
6 sense of how much we think the City's going to be
7 receiving. What I'm not going to be doing today
8 is providing a judgment call about whether or not
9 the federal stimulus package should provide more
10 tax cuts or more spending. What I believe our job
11 is to do is to ensure that City gets as much money
12 pumping into our economy and as much money into
13 City government as we can. So, I'll have that
14 conversation.

15 Because the stimulus package will
16 contain no earmarks, as it should not, and because
17 the final list of federal funding programs and
18 eligibility rules still remain in flux, we have
19 not published the detailed list of projects like
20 many other mayors and cities across the country
21 have. We felt it was much more important to focus
22 our efforts in Washington with our Congressional
23 delegation to provide money to those programs that
24 provide the greatest benefit to metropolitan areas
25 and cities, like the City of New York.

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2 The same time, we are working
3 internally to identify the highest impact projects
4 and establish procedures to quickly, efficiently
5 and transparently use this federal funding.

6 First, we believe that investing in ready-to-go
7 infrastructure is a key element of the economic
8 recovery. We have been talking about this for
9 over the last year and a half. Federal funding to
10 repair and upgrade our roads and bridges, water
11 and waste water systems, schools, public housing
12 and other assets are essential to our future's
13 national competitiveness.

14 Over the past seven years, the City
15 has made it a priority to maintain and expand its
16 infrastructure, investing billions of dollars in
17 projects through its capital plan. The current
18 level of-- more needs to be done. And, the more
19 we can provide, it's not sufficient to meet all of
20 our needs and maintaining the current level of
21 investment will be difficult as credit markets
22 remain contracted and budget cuts are enacted.

23 The City's already taken several
24 steps to reduce its costs in response to the
25 economic crisis and credit crunch, including

1 stretching out our four-year capital plan to cover
2 five years, deferring critical capital projects to
3 the out years and recently proposing to cut our
4 program by a further 30%. The economic recovery
5 package presents an opportunity to restore some of
6 these shovel-ready projects to the capital program
7 and accelerate other crucial projects, some of
8 which were already in the City's capital plan, but
9 were cut to reduce costs and others of which the
10 City did not have the resources to include into
11 the program at the time it was developed. These
12 projects would help the City meet its critical
13 needs, while creating and saving thousands of
14 construction jobs.

16 In the report that we released last
17 month, the Administration identified more than \$5
18 billion of projects currently in our plan that are
19 either already designed or close to completion,
20 where construction contracts could be awarded
21 within 90 days if additional funds were provided.
22 And, an additional \$4.5 billion in projects within
23 180 days to get shovels in the ground as quickly
24 as possible to create immediate jobs for New
25 Yorkers. Fix it first infrastructure investments

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2 should be prioritized.

3 This menu of projects includes some
4 that the City planned to do over the next five
5 years, but could be accelerated with additional
6 resources from the Federal government. Some of
7 these could have been planned to be put in place
8 in FY '11 or FY '12 and doing them now provides a
9 greater acceleration. Absent new resources, some
10 of these projects may actually be deferred
11 indefinitely from the plan, as future cuts are
12 deemed necessary.

13 I provided some examples. I'm not
14 sure, for the moment, it makes sense to go through
15 them. But, we could, in fact, install new boilers
16 at a DEP facility or do more construction repairs
17 on the Brooklyn Bridge, Department of
18 Transportation. We can do that quicker than we
19 had anticipated in the plan. The Department of
20 Education could replace old and inefficient
21 boilers. And, the Housing Authority could make
22 its buildings more energy-efficient.

23 Based on the initial analysis of
24 the, both the House and the Senate proposal, there
25 are a few highlights I want to mention. These

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2 amounts are estimated per year and they're
3 expected to be dispersed over the next two years.
4 Even though I had mentioned almost \$10 billion
5 worth of projects that we can actually provide,
6 the reality is the number that's being provided
7 and eligible for the City is much smaller than our
8 ability to actually get contracts out there. For
9 example, in transportation, over a two-year
10 period, we think the City can receive
11 approximately \$200 million for repair of our roads
12 and bridges. There's differences between the two
13 proposals, the House proposal and the Senate
14 proposal. One, providing a competitive grant
15 process, which, frankly, we're not sure of how we
16 would-- how much money we'd get through
17 competitive grants, while the House proposal has
18 to do formulas that we are familiar with. And so,
19 there are some positive benefits to both in the
20 world of transportation.

21 To upgrade school facilities, we
22 can spend a significant amount of money fairly
23 quickly on school construction. The House
24 proposal would provide the City, over a two-year
25 period, approximately \$800 million for school

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2 construction. The Senate proposal would provide
3 zero.

4 Between 50 and \$90 million a year
5 for energy efficiency; the one thing that we've
6 done, as Administration, is set aside money with
7 you, in the Council, in our budget to retrofit our
8 City buildings and City buildings and other energy
9 upgrades. And, there's about \$100 million a year
10 in both the House and Senate proposal to help us
11 do that. So, I think that that's a plus.

12 Between 225 million and 300 million
13 to address capital needs in public housing. The
14 House provides slightly more funding than the
15 Senate proposal, but does provide funding for
16 NYCHA.

17 And, both proposals include about
18 \$100 million a year in both low-interest loans to
19 make critical water and waste water improvements.
20 The House provides a little bit additional
21 funding. It's my understanding, I think the
22 Senate proposal provides an opportunity for
23 grants. And, I think the key difference that the
24 Administration is working with our Congressional
25 delegation on is that grants are much better than

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2 loans; that our water, as you all know, our water
3 rates and our water infrastructure go hand in
4 hand. And, certainly a grant is much more
5 efficient than a loan program. And, we can do a
6 lot more with a grant. And, we can actually
7 supplement our capital plan, rather than supplant
8 our capital plan since the rates on our ratepayers
9 would not be impacted.

10 Second, the Federal government can
11 help cities prevent cuts in our core services. To
12 address our shortfalls, our Administration, with
13 the support of the Council, has taken several
14 steps over the last few months to balance our
15 budget and recently directed our agencies to
16 reduce spending again for 2010. However, the
17 Federal government can provide, and we did ask
18 that they provide, a larger share of Medicaid
19 costs, among other assistance to help us ensure
20 that New Yorkers continue to receive basic
21 services.

22 A few highlights from the Federal
23 legislation is the FMAP proposal. The City of New
24 York shares in the cost of FMAP, with the State of
25 New York. And, the Federal government is

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2 providing additional FMAP assistance to the state
3 and the City. That will provide us with a
4 significant amount of money in our budget, which I
5 believe was reflected in our financial plan that
6 was released last week.

7 In addition to the FMAP proposal,
8 the House proposal and the Senate proposal
9 included an additional allocation for Title I,
10 which provides a significant amount of money for
11 City schools and Title I schools. I believe the
12 House proposal provides more money than the Senate
13 for Title I.

14 And, in addition to that, there's a
15 State fiscalization-- State fiscal stabilization
16 grant that's in both the House and the Senate
17 proposal. The House proposal requires that 61% of
18 the fiscal stabilization grant goes for education
19 and to restore cuts. After restoring the cuts,
20 the formula for providing that allocation is to be
21 distributed via Title I, which, again, provides a
22 significant benefit to New York City, since we
23 have a greater share of Title I money coming to
24 the City versus the rest of the state. The Senate
25 proposal has a significantly lower, as the

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2 Chairman mentioned, about a \$40 billion lower
3 fiscal stabilization grant, although that should
4 also, we believe should be required for education,
5 does not use a Title I allocation until after the
6 current cuts and future cuts are provided. So, in
7 essence, the House proposal on multiple fronts
8 provides additional budget funding for our City
9 schools and for the state.

10 Our third area of priority is our
11 municipal credit markets that need to be
12 strengthened to lower our borrowing costs and ease
13 our financing challenges. The credit crisis has
14 severely impaired our ability to finance the new
15 construction investments. And, in addition, it
16 resulted in higher borrowing rates and a loss of
17 liquidity, especially for products like auction-
18 rate securities.

19 To address these problems, Congress
20 and the Administration can, and in fact did, take
21 some several low-cost steps to lower our borrowing
22 costs and allow new construction projects awaiting
23 financing to move forward to stimulate the
24 economy. Both versions of the stimulus bill would
25 revise the tax code to encourage financial service

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2 institutions to buy Muni bonds, which is a key
3 recommendation that we made to the Administration
4 and to Congress.

5 Fourth, the Federal government
6 should target workforce development as a critical
7 piece of the economic recovery. Human capital
8 development and job placement in growing and
9 emerging sectors is one of the key ways to
10 stimulate the economy and keep New York City
11 thriving. The Administration already has a strong
12 foundation for job training and can use its
13 current infrastructure to leverage existing job
14 training possibilities and explore partnerships to
15 expand beyond traditional training methods. The
16 Federal government can support these efforts by
17 increasing WIA funding and by supporting small
18 businesses that drive the local economy.

19 In the current proposals, down in
20 Washington, the City could receive about \$15
21 million per year for adult and dislocated worker
22 program, with an additional \$18 million for youth
23 program. Both bills would provide this funding,
24 limited funding, compared to our needs, but
25 funding for workforce retraining.

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2 Finally, we do need to shore up our
3 social safety net programs, like unemployment and
4 food stamp benefits to restore workforce
5 confidence and increase consumer spending. Low
6 income workers and families will face higher
7 unemployment rates in general during the downturn
8 and may not have the savings levels to get them
9 through touch economic times. These families are
10 among the most vulnerable during a recession and
11 specific programs should provide targeted relief.
12 In addition, if we can expand the EITC, that can
13 provide valuable refundable credits to low income
14 families and workers, all while encouraging deeper
15 workforce engagement.

16 On a per year basis, the current
17 legislation in Washington would provide funding of
18 about 120 to \$155 million for social services
19 operating relief, including Head Start, childcare
20 development, food stamps, senior nutrition and
21 community service. The House proposal does
22 provide more funding, particularly in the Head
23 Start program.

24 As Congress continues to debate the
25 final parameters of the economic recovery packet,

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2 we're confident that New York City stands to
3 benefit in ways that will help every New Yorker
4 meet the challenges of the current downturn. At
5 the same time, we realize that stimulus money will
6 not solve our budget problems. For all the
7 federal funding we do receive, we are committed to
8 spending the monies prudently and transparently to
9 maximize their impact on the City's economy. To
10 that end, we will establish rigorous reporting and
11 audit procedures that will be frequent in nature
12 and available to all New Yorkers publicly on our
13 website. We'll also place all project information
14 on the Federal government's dedicated website,
15 including contract amount, the winning bidder and
16 project duration so that everyone can track the
17 impact of this funding.

18 Thank you for the opportunity to
19 testify about this issue and to share our
20 thoughts. If you have any questions, be happy to
21 take them.

22 CHAIRPERSON WHITE: Thank you very
23 much. Yes, I'd like to ask what is not included
24 in the federal legislation that you would like to
25 have been seen included?

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2 JEFF KAY: We've been consistently,
3 over the last year and a half, requesting money to
4 be spent on infrastructure and money to be spent
5 in areas, in metropolitan areas. I think the
6 House proposal has a larger infrastructure
7 component on a formula basis, while the Senate has
8 some competitive grants. I think it's important
9 to make sure that the money does flow in areas
10 that need it most. And, I think the more language
11 that we see and the more programs that benefit New
12 York City, the better it will be.

13 One point that I think a lot of
14 organizations and individuals have asked questions
15 is well, what can I spend the money on and how
16 flexible can that money be. We requested that the
17 money be as flexible as possible so that we can
18 make as many individual local priorities
19 determinations up to ourselves. So, the question
20 could be do you invest in roads and bridges? Or,
21 do you build a new police precinct? Do you invest
22 in water infrastructure? Or, do you invest in
23 some cultural institutions? And, the money, as
24 it's being flown to the City, is to very dedicated
25 funding streams.

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2 Flexibility, from our perspective,
3 I think is always good. However, the Washington,
4 in its wisdom, chose to provide additional funding
5 through formulas that exist now and for purposes.
6 So, I guess I would argue more flexible the
7 better. But, you know, we will be able to use the
8 money. And, there are certainly needs in those
9 areas of programs that the money's going to be
10 flowing to the City on.

11 CHAIRPERSON WHITE: The federal
12 legislation calls for projects to be funded, which
13 can be started and completed expeditiously. Can
14 you outline which projects in New York City can be
15 started within 120 days?

16 JEFF KAY: We provided in a
17 document that we can do over \$5 billion worth of
18 projects within 180 days. What we chose not to do
19 was to put together that list. And, frankly, you
20 put together a list of \$5 billion worth of
21 projects and everyone looks at the individual
22 projects from a global basis.

23 What I think we should be prepared
24 to do now is, as the stimulus package comes and we
25 know where those buckets are from, is to start

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2 engage and working, which we are, internally to
3 figure out where the money's going to come from,
4 what's eligible, through what timeframe and then,
5 make a determination as to what projects there
6 are. I think, particular in Washington, as I
7 mentioned, a lot of mayors in cities throughout
8 the country produced a list of over \$15,000 worth
9 of projects.

10 And, I think people get lost in
11 which project it is. And, the general sense
12 should be the projects should be for new jobs or
13 to save current jobs. They should be distributed
14 equitably and geographically throughout the City
15 in all the five boroughs. And, they should be
16 done as quickly as we possibly can. It's not
17 whether or not you should get a new water park
18 like one city had or a new Mod [phonetic] Museum,
19 like another. And, we did not want to get into
20 that debate. Let's get the money flowing to New
21 York City and then, engage in a discussion when we
22 know specifically what's eligible through what
23 timeframe and then, move those projects out. But,
24 I can assure you that we will be as transparent;
25 we will put all those projects out there and we'll

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2 make sure that it represents a good geographical,
3 throughout the five boroughs, assessment of where
4 that money goes.

5 CHAIRPERSON WHITE: Can you
6 describe the breakdown in benefits that New York
7 City will you see with regards to formula grants
8 and competitive grants?

9 JEFF KAY: Formula grants is what
10 we know. Competitive grants is what we don't.
11 One of the areas where they provide competitive
12 grants says rules and regulations will be provided
13 over the next 70 days. I got to be honest, I
14 don't know how we would fare through a competitive
15 grant proposal. Through a new Administration,
16 hopefully we won't have earmark problems. But,
17 even the Army Corps of Engineers, which I believe
18 is being provided a certain amount of money, needs
19 to have Congressional representation arguing on
20 their behalf, which I think our Congressional
21 delegation would do one heck of a job arguing on
22 our behalf. But then, you get into pork barrel
23 projects.

24 It's a question that remains
25 unknown. Like I said, formulas is what you know.

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2 And, good formulas is what we know. CDBG,
3 Community Development Block Grant, is a good
4 formula. Title I to our schools is a very good
5 formula for the City of New York. I'd much rather
6 take our chances with that than engage in a
7 competitive grant process and leave it up to the
8 Federal government to decide which projects they
9 want to fund and which they don't.

10 CHAIRPERSON WHITE: Councilwoman

11 James.

12 COUNCIL MEMBER JAMES:

13 Mr. Director, Mr. Kay, I recognize that you want
14 to be transparent. And, we all recognize that we
15 appreciate you testifying here today. But, for
16 me, it's critically important that we list the
17 projects, particularly at a time when the Mayor is
18 facing reelection. We are concerned, well, I am
19 concerned, that these projects might be used to
20 reward those who have supported the Mayor and will
21 be penalized and the projects and those who do not
22 support and/or endorse the Mayor will be
23 penalized. And, obviously, I am very much
24 concerned about that. And, though, I am confident
25 that you are a man of great integrity, as the

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2 Mayor, I recognize that politics is always local
3 and that there are those who are not above
4 retribution.

5 So, like other mayors that have
6 done across the nation, I would appreciate, and
7 I'm sure the Chair would appreciate, a list of
8 projects. In my district, as you know, downtown
9 Brooklyn, there's a lot of development has come to
10 a standstill. And, we are very much concerned.
11 My number one priority in my district is
12 affordable housing. And, there has been, as you
13 know, an overabundance and overdevelopment of
14 luxury housing, which stands vacant. And, a
15 number of ministers and a number of community
16 groups have advocated for some subsidies to be
17 used to either sell or convert these luxury
18 apartments into affordable housing. Is there any
19 such proposal being considered? And, what is your
20 thoughts with regards to releasing the list of
21 projects for funding?

22 JEFF KAY: I'm going to take your
23 first... There's no question. There's not-- I can
24 assure you that not one dollar of any of this
25 money for infrastructure or, frankly, for

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2 anything, will be spent without publicly releasing
3 the list of projects it's going to be spent on,
4 without any question. We are looking through that
5 process now. And, like I said, we're going to
6 look and see which eligibility requirements we
7 have to match projects to. So, there's no
8 question. Very clearly after this bill's signed
9 into law, we will have a list of published
10 projects for which the money should be used on--

11 COUNCIL MEMBER JAMES: And, when
12 will that list be available?

13 JEFF KAY: Once the bill is
14 completely signed by the President, and we know
15 for sure what exactly our parameters are, I
16 suspect we'll be able to do something very, very
17 quickly after that. That's the point--

18 COUNCIL MEMBER JAMES: So, it's in-
19 -

20 JEFF KAY: -- of us.

21 COUNCIL MEMBER JAMES: It's
22 anticipated-- I apologize for interrupting. It's
23 anticipated that the Senate will vote on the bill
24 tomorrow and that there will be some negotiations
25 between the two houses. And, it's my

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2 understanding, after conversations with Senator
3 Schumer, that it's anticipated that the bill will
4 be voted on by the end of the week. Is that your
5 timetable?

6 JEFF KAY: That's my understanding
7 as well is that by next week, it will be on the
8 President's desk for signature.

9 COUNCIL MEMBER JAMES: Correct.

10 JEFF KAY: I assume he'll sign it
11 as soon as he possibly can, if not sooner. And,
12 that very, very soon after that, we have
13 timetables that if the money comes and we have to
14 spend it within 90 days, I suspect, within
15 probably a two-week period after that, we'll be
16 able to publish every single project that we want
17 to spend that money on.

18 And, we'll also match, which gets
19 to your second point, is to which funding pots can
20 they apply to. And so, your question about
21 affordable housing is of the economic stimulus
22 money, where can we use that money for affordable
23 housing and where can we not. And, that's
24 actually a very big question. That's a question a
25 lot of organizations and advocates and not-for-

1
2 profits are saying I can provide this with the
3 economic stimulus money.

4 But, unfortunately, as I mentioned
5 before to the Chairman, I would love to have that
6 flexibility for us to make the determinations.
7 But, we have not been provided with that
8 flexibility to make that determination. We're
9 going to be provided with \$200 million to be spent
10 on roads and bridges. We're going to be provided
11 with, hopefully, \$200 million for our water
12 infrastructure. We're not going to be provided
13 with a billion dollars and say go make your own
14 decisions about where you think it should be
15 spent. So, we're going to be limited in scope.

16 COUNCIL MEMBER JAMES: Right.

17 JEFF KAY: And so, when we do
18 release those lists, I think we need to look at it
19 in that light is what's eligible and how can we
20 make every dollar stretch.

21 COUNCIL MEMBER JAMES: What role
22 will the City Council play, if any?

23 JEFF KAY: It's a good question.
24 We began very preliminary conversations with
25 Council Finance staff. I was actually out last

1
2 week. So, I'm not sure where they stand about
3 legally what needs to happen in terms of the
4 budget modification or not. I'm not the expert on
5 budget, nor am I a lawyer on the topic. But, I
6 believe we'll continue to have those
7 conversations. I fully believe that working
8 together, we can all get the right projects. And,
9 we can make sure that it doesn't get hung up and
10 we can move as quickly as we possibly can.

11 COUNCIL MEMBER JAMES: So, is it
12 your position that the list that you come out with
13 will not be the final list?

14 JEFF KAY: I'm not sure. I don't
15 have the list now.

16 COUNCIL MEMBER JAMES: Okay.

17 JEFF KAY: We're still determining
18 the process. We're still trying--

19 COUNCIL MEMBER JAMES:
20 [Interposing] According to the testimony--

21 JEFF KAY: --to figure internally.

22 COUNCIL MEMBER JAMES: -- it says
23 that there's a list. And, I've been looking for
24 this list for the last ten minutes.

25 JEFF KAY: Sure. The list that we

1 provided internally and, as I mentioned, was about
2 over \$5.5 billion of those in the capital plan and
3 \$5.5 billion not. The point we were trying to
4 make to Washington is hey, the more money you give
5 us, we can spend that money as quickly as we can.
6 We've got \$10 billion worth of projects that we
7 can get out the door. The reality is I think
8 we're going to get maybe \$500 million to get that
9 money out the door; transportation, water and
10 energy.

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12 COUNCIL MEMBER JAMES: Mr. Kay, I
13 trust what you're saying. It's just that based
14 upon experience, the City received, I believe it
15 was \$25 million from some TARP funds, if I'm not
16 mistaken. And, those funds were matched by the
17 Mayor of the City of New York and were used to
18 acquire some buildings that had been previously
19 foreclosed upon. And, I learned about this as a
20 result of my discussions with a representative
21 from Congresswoman Maxine Waters from California,
22 who was responsible for some of those funds, only
23 to realize that I don't believe that the City
24 Council was involved in those discussions at all,
25 though the use was, you know, I mean I credit you,

1
2 good use of funds. But my question is is that the
3 City Council, as a body, we were left out. And
4 so, if the past is a prolog to the future, I'm
5 just really concerned that the Administration will
6 repeat its past practice and the City Council will
7 not be involved in what projects should go
8 forward.

9 JEFF KAY: Well, as we continue to
10 see what comes up from Washington and we continue
11 to determine internally what our priorities are,
12 we'll continue to keep you guys abreast as to
13 where that stands. And, we can continue to
14 discuss the process moving forward so we can all
15 work together to make sure that this thing happens
16 as quickly as we can.

17 COUNCIL MEMBER JAMES: I can't
18 stress to you, again, that we, the City Council,
19 be empowered and obviously our house, we need to
20 have a discussion with regards to that. And, I
21 will defer to the Chair. But, let me move on to
22 education and Head Start. It's my understanding,
23 based on media accounts, that the education
24 funding was reduced. Can you give us a status
25 report on education funding?

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2 JEFF KAY: Sure. There's three
3 areas of, what I call, education funding. The
4 first is in a Title I allocation.

5 COUNCIL MEMBER JAMES: Right.

6 JEFF KAY: I'm looking for my very
7 quick chart here. For separate allocations for
8 Title I. And, the House provided about, if I
9 believe \$13 billion nationally for Title I. I
10 believe the Senate cut that. Larian, do you want
11 to...

12 JEFF KAY: Yeah, the Senate did a
13 very small haircut on that Title I allocation.

14 COUNCIL MEMBER JAMES: Um, hm.

15 JEFF KAY: The second area for
16 education is in the State fiscal stabilization
17 grant, which, as I mentioned before, there was
18 about \$79 billion nationwide to be distributed to
19 the states. Of the amount of money distributed to
20 the states, the House proposal said 61% shall be
21 used to restore education cuts, based on 2008.
22 And, after you restore education cuts, it should
23 be allocated internally, statewide, through Title
24 I, which provides the City with a greater share of
25 the formula. After 61% spent on education, 39% of

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2 it can be spent, frankly, to plug the State's
3 budget.

4 The Senate proposal eliminated that
5 39% and said that the full amount of money that
6 they provide, with a haircut, as you heard, they
7 went from \$79 billion to I think \$40 billion, I
8 could have my number wrong, nationwide, can be
9 spent on education. The way the education dollars
10 would be spent on the Senate proposal is you need
11 to restore your cuts from 2008 statewide and also
12 future cuts. What that essentially does is
13 provides dollars through the statewide education
14 formula. And, only until after that gets bought
15 back, can it go through Title I. Title I
16 allocation is much better for the City of New York
17 than the statewide formula. So, those are the two
18 differences in that proposal. So, the Senate
19 proposal is certainly much lower than the House
20 proposal.

21 The third--

22 COUNCIL MEMBER JAMES: Um, hm.

23 JEFF KAY: -- piece is on school
24 construction. The House proposal would provide a
25 significant amount of money to the City of New

1
2 York for spending construction on City schools. I
3 believe over a two-year period, it's probably
4 seven to \$800 million. That also is to be
5 distributed by Title I. The Senate proposal
6 provides zero. There's no money for school
7 construction in the Senate proposal.

8 So, from an education perspective,
9 pure dollars, both construction to provide
10 additional dollars to the City of New York, the
11 House proposal is much better than the Senate
12 proposal just on the facts.

13 COUNCIL MEMBER JAMES: Are you
14 confident that the House proposal will be adopted?

15 JEFF KAY: I certainly don't want
16 to speculate on what--

17 COUNCIL MEMBER JAMES: Okay.

18 JEFF KAY: -- happens in
19 Washington. This'll be an interesting week.

20 COUNCIL MEMBER JAMES: Right.

21 JEFF KAY: They'll start their
22 conference committees and, you know, hopefully,
23 we'll value what happens at the end of the
24 process.

25 COUNCIL MEMBER JAMES: I do know

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2 that, in my district and throughout central
3 Brooklyn, there are a significant number of Title
4 I schools. And so, clearly, the constituents of
5 central Brooklyn and, particularly in my district,
6 will obviously benefit from this windfall. Early
7 childhood education, Head Start, is that included?
8 Or, is that not?

9 Oh, let me go back to education,
10 I'm sorry.

11 JEFF KAY: Um, hm.

12 COUNCIL MEMBER JAMES: Would that
13 result in-- if we were to receive the amount of
14 funding that it's contained within the House
15 proposal, will that put off the 14,000 layoffs in
16 the Department of Education that was announced by
17 the Mayor of the City of New York in his Executive
18 budget?

19 JEFF KAY: I think the answer to
20 that question is let's see how much money we get.
21 Let's see how it can be used. Let's see what
22 happens with the state. And then, we can address
23 that when we know all the Is are dotted, the Ts
24 are crossed and we find out what happens from
25 Washington and find out what happens from Albany.

1
2 COUNCIL MEMBER JAMES: So, let me
3 translate that political speak. Everything is
4 possible.

5 JEFF KAY: I'm not the budget
6 expert. I'm not intimately familiar at all with
7 the Department of Education's budget, nor our
8 financial plan. My job is to coordinate the
9 City's response and work with our Washington
10 office to get as much money as possible. Once we
11 get that money, we'll evaluate what we have, what
12 it can be used for and how to roll that out.

13 COUNCIL MEMBER JAMES: Is that--

14 CHAIRPERSON WHITE: Council Member-

15 -

16 COUNCIL MEMBER JAMES: I'm sorry.

17 CHAIRPERSON WHITE: Council Member-

18 -

19 COUNCIL MEMBER JAMES: Yes. Okay.
20 One last question.

21 CHAIRPERSON WHITE: We got another
22 round. Last question.

23 COUNCIL MEMBER JAMES: Okay. So,
24 is it a consideration or an alternative?

25 JEFF KAY: It's--

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COUNCIL MEMBER JAMES: An option?

JEFF KAY: We will have to evaluate it and find out what it can be used for. I don't know the answer to that question.

COUNCIL MEMBER JAMES: Okay. My second round, I'll ask you about early childhood education and NYCHA. Thank you.

CHAIRPERSON WHITE: Thank you very much. Council Member Vann.

COUNCIL MEMBER VANN: Thank you, Mr. Chairman. Mr. Kay, I'm really, I guess, more fundamental. Did the Federal Administration seek our request, I guess, all the cities, all the mayors, whatnot?

JEFF KAY: Yeah, we've had a number of conversations with the President's staff. I know our Washington office has been busy at work to the U.S. Conference of Mayors. They spoke a number of times, as well. So, both individually, with our staffs and the President's staff, as well as through the Conference of Mayors, we've certainly made our requests and our priorities known. We've also worked very, very hard with our Congressional delegation.

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2 COUNCIL MEMBER VANN: That was my
3 next question. What was their involvement in
4 this?

5 JEFF KAY: Absolutely. They've
6 been with us every step of the way. We've
7 explained what our priorities are. They were
8 working hard to get the FMAP money to make sure
9 that it's shared with the City of New York, which
10 will provide us with budget relief; working hard
11 to get as much education money as we possibly can.
12 I know that New York City members are working in
13 the House as hard as they can to keep the
14 education money. And, we'll continue to have
15 those conversations. They've been very receptive.

16 COUNCIL MEMBER VANN: All right.
17 You seem to indicate that in the bill as they are
18 evolving, that most of the funding is going into
19 an existing structures, which limits your
20 flexibility is what you're saying?

21 JEFF KAY: I think that's correct,
22 yes.

23 COUNCIL MEMBER VANN: Right. So,
24 whatever proportion we've been getting as a City,
25 for the most part, it tends to follow along those

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2 lines. Is that--

3 JEFF KAY: Correct.

4 COUNCIL MEMBER VANN: --

5 essentially what you're saying?

6 JEFF KAY: Yeah, we do fairly well
7 through transportation funding in terms of a
8 formula. We would obviously like to do better.
9 In general, I think the more money spent on
10 metropolitan areas, which the current formula does
11 not, don't get me wrong, the current formula does
12 not do. It certainly spends more money on roads
13 and highways than it does in transit
14 infrastructure. But, we will get money through
15 the transportation funding and through water
16 funding, which is all formula-driven.

17 COUNCIL MEMBER VANN: Most of our
18 requests fall within the hard definition of
19 stimulus, I would presume. I know that's a
20 question that's being debated in the Congress
21 whether some things are stimulus or not stimulus-
22 related, in terms of actually creating jobs.

23 JEFF KAY: Yeah, I think from a
24 construction jobs and building and investing in
25 our infrastructure is a component of an overall

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2 recovery package; the one that we felt very
3 strongly that we can make. It saves jobs. It
4 creates construction jobs and gets people spending
5 money on a construction way to go. And, at the
6 same time, rather than spending the money that's
7 going to go in and out of someone's pocket fairly
8 quickly, it's going to prepare us. So, as the
9 economy continues to recover, we'll have that
10 infrastructure in place. You know, what good is
11 it to develop an area or to rehab an area when the
12 streets below it are crumbling? So, the more we
13 can spend on our infrastructure now will better
14 prepare us for the future.

15 COUNCIL MEMBER VANN: You gave some
16 idea about the transportation funding. Could you
17 reiterate that again? And also, if we receive
18 what we think we will get, will that offset a lot
19 of the Draconian measures that MTA have had to put
20 out there?

21 JEFF KAY: The answer to your
22 second part is no. The first part, which is what
23 can we get. The City, we think we can get for the
24 roads and bridges, approximately \$200 million.
25 We're not really sure. It depends on the

1 competitive proposal and the formula proposal.
2
3 For mass transit, the money that they're providing
4 to the MTA, and I don't want to speak for the MTA,
5 they've done a far more diligent analysis than I
6 have on this, is for capital projects. And, you
7 know that the MTA's capital plan is huge. It's 30
8 to \$40 billion over five years. And, if the
9 stimulus package provides a billion to a billion
10 and a half dollars for the MTA, that's probably
11 the number that they're looking at. And, it's in
12 capital dollars. Most of the concern that the
13 MTA's focusing now, although I believe strongly
14 their capital budget also needs help, deals
15 primarily with their operating budget. And, so, I
16 guess the short answer to your question, although
17 I think it's more appropriate for the MTA to
18 answer, is no.

19 COUNCIL MEMBER VANN: Okay.

20 Finally, can you discuss the percentage of
21 resources expected to be received for green energy
22 projects? And, how would that be distributed
23 locally?

24 JEFF KAY: One of the key
25 components of this is what they call the Energy

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2 Conservation Block Grant, which is a formula that
3 exists now, although fairly new, in fact, I think
4 it was just put in statute last year, which
5 provides resources to the City to invest in its
6 infrastructure to save energy and to save money on
7 energy, whether it be retrofits of facilities or
8 buildings. I think, depending on where things
9 are, we can get about another \$100 million a year
10 on that.

11 We currently have in our budget,
12 that's been passed with you, money set aside, I
13 think it's about 80 to \$100 million now, to invest
14 in our municipal facilities, to reduce our energy
15 costs. And, if you put money in now, you reduce
16 your energy costs later, which not only saves the
17 City money, as an entity, but, frankly, lowers
18 demand overall, which impacts all New Yorkers.
19 So, there is a significant amount of money here to
20 give us that additional money to upgrade our
21 buildings and facilities. And, I think that will
22 provide a benefit to the City.

23 CHAIRPERSON WHITE: Council Member
24 Brewer.

25 COUNCIL MEMBER BREWER: Thank you

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2 very much. First of all, on broadband, I know
3 that DOITT has given you a memo with some ideas
4 that they have. One of my questions is rural
5 versus urban because you hear a lot about, on the
6 front page of the Times, and also even with our
7 new Senator from New York talking about rural
8 broadband, whereas we need it for industrial. We
9 need it for low-income neighborhoods. We need it
10 in our underserved urban area. So, I'm wondering
11 if you could comment on that. I understand that
12 NTIA could receive nine billion. And, I'm just
13 wondering how that would come to New York. Are
14 you advocating for it? And, update.

15 JEFF KAY: You know, we're
16 certainly working and I know DOITT is working and
17 we've had conversations at our DC office to try to
18 get as much money through broadband--

19 COUNCIL MEMBER BREWER:
20 [Interposing] Bill Daily should be able to take
21 care of it. Go ahead.

22 JEFF KAY: Yes. And so, I will
23 certainly defer to Bill Daily on this issue. I
24 can get back to you on this. This is one area,
25 broadband, that I'm not the expert on. And, I

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2 don't believe anyone here with me today is the
3 expert on it. But, I'm sure, you know, within an
4 hour of this ending, I'll get someone to--

5 COUNCIL MEMBER BREWER:

6 [Interposing] That will be great.

7 JEFF KAY: -- give you a call and
8 give you an update on broadband.

9 COUNCIL MEMBER BREWER: Okay.

10 Number two, the issue of supplement-- supplant
11 versus supplement. How, in any of these formulas
12 or in the stimulus package, in general, how is
13 that being addressed?

14 JEFF KAY: I think, in general, and
15 I'll look to my colleagues, for the most part,
16 most proposals say you need to supplement, not
17 supplant. There might be some supplantation. In
18 fact, the education money is intended to supplant,
19 frankly, or restore proposed cuts.

20 And, we'll have to look at the
21 language in the Department of Transportation
22 pieces and not-- you know, regardless, we believe,
23 from an infrastructure point of view, we have
24 projects in our capital plan that might be
25 scheduled for FY '11 or, frankly, FY '10, that can

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2 be done now. That's not acceleration is not
3 supplantation.

4 What the stimulus for
5 infrastructure's intending to do is to spend more
6 money now as quickly as you can within timeframes
7 and get money out the door. So, if, in fact, we
8 have money planned to do in 2010 that we can
9 accelerate now, that'll free up resources in 2010.
10 In my opinion, that's not supplantation. That is
11 supplementation. You're doing something now that
12 you would not have done for a year, two years and
13 who knows what happens in that year. As we get
14 closer to that year, who knows if we'd ever
15 actually be done. In fact, I don't even think we
16 have, you know, technically have any approved
17 capital budget for 2010 or 2011 until we engage in
18 the negotiations with the Council.

19 COUNCIL MEMBER BREWER: I agree
20 with you. I hope the Federal government does.
21 New York City versus New York State, CDBG, Title
22 I, come more to us.

23 JEFF KAY: Yes.

24 COUNCIL MEMBER BREWER: But, are
25 there other programs, or is there anything new in

1
2 the stimulus-- I know the stimulus does focus on
3 the states. But, is there anything else that we
4 can work with that wouldn't send a whole bunch of
5 admin money to the State as much as David Paterson
6 needs it?

7 JEFF KAY: CDBG is a good one. In
8 fact, the House, I believe, although we would have
9 liked to have seen a lot more 'cause it provides
10 us with flexibility [crosstalk]--

11 COUNCIL MEMBER BREWER:
12 [Interposing] I used to be the Federal person in
13 New York for the Mayor.

14 JEFF KAY: I'm sorry?

15 COUNCIL MEMBER BREWER: I used to
16 do the federal budget for the Mayor.

17 JEFF KAY: So, as you know, CDBG is
18 very good for us. The federal allocation
19 nationwide is a billion dollars for CDBG. And, in
20 the Senate, I believe, it's zero. It's zero?
21 It's actually zero. So, the Senate proposal does
22 not provide us with any CDBG. You point that out
23 as well. Title I is a good allocation.

24 The Energy Block Grant proposal is
25 a new one, which we think uses a lot of the CDBG

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2 formula. So, that's also probably a good one. I
3 think the biggest area in the state fiscalization
4 grant, you have a House proposal that says use
5 Title I after you restore cuts from one year. In
6 the Senate proposal, it says after you restore
7 2008 and then, we think, we haven't seen the
8 statute yet, although it came this morning. I
9 don't know if it's changed. It's the same thing?
10 You restore '08 and then, potential 9, 10 and 11.
11 As you said, Title I provides us with a great,
12 much greater benefit--

13 COUNCIL MEMBER BREWER: Okay.

14 JEFF KAY: -- overall.

15 COUNCIL MEMBER BREWER: Will
16 funding have to go through a budget mod or not?

17 JEFF KAY: As I mentioned to the
18 Councilwoman before, we are looking at that. I
19 apologize. I was out last week. We've begun
20 conversation with the Council Finance. We'll be
21 looking at that. I'm not a lawyer, nor am I a
22 budget expert. So, I'll have to get back to you
23 on that.

24 COUNCIL MEMBER BREWER: And then,
25 just finally, I know that Council Member will also

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2 pick up on NYCHA. But, would that be both capital
3 and expense, if it were to happen? I know there's
4 a difference in the two bills. I mean, we all
5 pray for NYCHA, literally.

6 JEFF KAY: I will reconfirm on the
7 NYCHA piece. My understanding was it was all
8 being funding through the public housing capital
9 fund. I could be mistaken. And, I will ask
10 someone to double check for you if there is any
11 money for operating. But, I'm pretty sure it's
12 all capital.

13 COUNCIL MEMBER BREWER: Okay. All
14 right. I could go on. But, thank you.

15 CHAIRPERSON WHITE: Let me just say
16 this, Council Member James had brought it up.
17 But, before I ask that question, I'd like to
18 recognize the fact that we've been joined by my
19 colleagues, Council Member Inez Dickens and
20 Council Member James Sanders.

21 One of the things that is very
22 important to the citizens of the City of New York
23 and my constituents or my colleagues'
24 constituents, is a feeling of where do we fit. We
25 hear all these numbers going around, you know.

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2 You got the stimulus package. You got the TAR
3 [phonetic]. We're losing a lot of homes in
4 Queens. There's over 35% of the housing
5 foreclosures are in the County of Queens and my
6 district it's over 2,000, approaching the 3,000
7 level of housing foreclosures. I mean, so, and,
8 people are losing their jobs.

9 So, even though these issues are
10 very, very important and where the City Council
11 fits in this-- my colleague is-- we have begun the
12 conversation and we want to continue the
13 conversation so that we can make sure, and ensure,
14 that our constituents feel a part of this; that
15 people are not just making decisions for them
16 while they are hurting, unemployed, losing their
17 homes, etcetera.

18 On the way in here, there's a
19 surveyor outside of the City Hall gates that
20 called me over and shook my hand because all of
21 our colleagues in here, to some degree or another,
22 have those not-for-profit legal assistants in our
23 offices or wherever we choose to have them, have
24 people in our districts come and get legal
25 assistance dealing with their mortgages. And, it

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2 was very refreshing that he called me over and
3 thanked me because he, not only is still working,
4 but it was worked out for him and him saving his
5 home.

6 And, I think that's the real bread
7 and butter issue. I mean, yeah, we want to work
8 very, very smart and hard to make sure not only do
9 we stay afloat, but that we come out of this as
10 the financial capital of the world because people
11 are still vying for this position. And, it's very
12 important that we keep this conversation going.
13 The Speaker and I had a conversation. And, she
14 agrees. And, that's why the Economic Development
15 Committee will be having these ongoing
16 conversations and the Council staff will be
17 engaged in conversations with the Mayor's office.

18 This is not the time for us to have
19 adversity at this particular time, during these
20 trials and tribulations. And, we won't. But, we
21 must ensure and instill. These numbers have to
22 take on the shape of some real day to day life
23 issues that people are confronting, from mass
24 transit to schools, to jobs, to the bridges being
25 done, what does that mean. The unions and then, I

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2 need a job, but I can't belong to the union
3 because I'm not part of the union. All of these
4 things have to be flushed out and put in the
5 context of making sense so we can disseminate this
6 information to the average New Yorker so they can
7 feel a part of, for lack of a better term, but
8 it's a good term, a part of hope for New York
9 City, hope for this economy and hope for a good
10 recovery. So, I just wanted to say that. And, I
11 wanted to ask you a question, if you think it's
12 appropriate because you do sit on the MTA Board
13 and wearing that hat. Can you outline which
14 capital projects the MTA would use the money for?

15 JEFF KAY: I can't. I don't know
16 the answer to that question.

17 CHAIRPERSON WHITE: Okay. All
18 right. Thank you. All right. Councilwoman
19 Dickens and then, Council Member Sanders and then,
20 the second round for Councilwoman James.

21 COUNCIL MEMBER DICKENS: Thank you.

22 CHAIRPERSON WHITE: And, Brewer.

23 COUNCIL MEMBER DICKENS: Thank you
24 so much, Chair. Thank you for allowing me the
25 opportunity to ask this question, since I do not

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2 sit on this Committee. But, because this stimulus
3 package impacts totally upon the survival of the
4 people of the City of New York, I felt it
5 important to come in. I have a very specific
6 question. And, thank you so much for your
7 testimony.

8 My question, the first question is
9 as it relates to Medicaid. Now, my understanding
10 is that the stimulus package, which does include
11 Medicaid within it to come into the State, but
12 that the State's formula is flawed in that,
13 several things. Number one, that they did not
14 take into effect, the State I'm referring to, did
15 not take into effect that what New York City
16 requires is based upon the fact that our HHCs are
17 unionized. And, I understand that the formula
18 that was used is used as it relates to non-union
19 hospitals. Is that true? And, if so, what are
20 you doing to correct that with the State? In
21 other words, in order for them to understand where
22 the flawed formula is as it relates to
23 reimbursement to the City.

24 JEFF KAY: I can't speak
25 specifically about the State formula for Medicaid.

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2 What I can speak to is that in the FMAP language
3 in the statute. So, you had talked about where
4 the City being treated unfairly via the State is
5 that in working with Senator Schumer and our
6 Congressional delegation in the House, we did get
7 language put in to the Federal statute, sorry, to
8 the Federal statute that would require the State
9 to, and, frankly, other states that get FMAP, to
10 provide the City with the share it should receive.

11 The reason why I say that is
12 because, as you know, the State of New York
13 splits, or almost splits, its share of Medicaid
14 with localities. That's a far greater percentage
15 than any other state throughout the country. In
16 fact, I heard someone mention, it might have been
17 Senator Schumer, that 19 states actually share a
18 piece with their locals. But, no one shares it at
19 the rate that we have it with. And so, the
20 language in the Federal statute would require the
21 State to pass that along to us in the appropriate
22 share. The reference you're making to hospitals
23 and unionized hospitals and not, may be more
24 within the State budget process and not
25 necessarily in the stimulus package. But, I'd be

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2 happy to get the right person at OMB to talk to
3 you about this.

4 COUNCIL MEMBER DICKENS: All right,
5 because this Saturday, Council Member Jackson and
6 I met with HHC. And, they gave us a very
7 excellent briefing on the shortfalls that would
8 come out of the same stimulus package as it
9 filters down to the State, to the City; the
10 shortfalls that would be incurred by our HHCs.

11 JEFF KAY: Um, hm.

12 COUNCIL MEMBER DICKENS: And so,
13 that's why I raised the question because we need
14 to be very focused on that if, indeed, that is
15 correct.

16 JEFF KAY: Yes. Well, after this,
17 we'll have a conversation with OMB and HHC to make
18 sure. I'm aware of the potential issue and we'll
19 get back to you on that.

20 COUNCIL MEMBER DICKENS: Would you,
21 please, get that information to the Chair of this
22 Committee--

23 JEFF KAY: Sure.

24 COUNCIL MEMBER DICKENS: -- so that
25 we can be focused on it and know exactly what is

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2 happening, because our HHCs are the critical basic
3 acute care facilities that our people go to. And,
4 if--

5 JEFF KAY: I understand.

6 COUNCIL MEMBER DICKENS: -- indeed,
7 they're going to get a shortfall based upon the
8 formula being incorrect, then we need to address
9 that with the State. Larian, it's good seeing
10 you. I've missed you. You, I see, still doing
11 good work.

12 And, the other question that I had
13 that I'm going to ask my colleague, Council Member
14 Tish James, and that's on the MWBE, since I saw
15 nothing that was addressed as far as MWBE in the
16 stimulus package.

17 JEFF KAY: In that issue, in
18 particular, I know Marla Simpson, our Director of
19 Contract Services, will be testifying tomorrow in
20 front of a joint committee. Forgive me, I'm not
21 sure what committee it is. But, there's Contracts
22 I imagine and Transportation Committee tomorrow on
23 this issue specifically.

24 COUNCIL MEMBER DICKENS: All right,
25 because, you know, with the fact that the State

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2 has the criteria that they take the lowest bid,
3 that is severely and negatively impacts upon MWBE
4 numbers, as it relates to contracts coming out of
5 the City. So, would you work with my colleague,
6 Council Member Tish James, the Chair of Contracts
7 in order to--

8 JEFF KAY: Yes. The--

9 COUNCIL MEMBER DICKENS: -- see if
10 anything at all--

11 JEFF KAY: Marla Simpson will be
12 available tomorrow.

13 COUNCIL MEMBER DICKENS: -- can be
14 addressed. All right. Thank you so much.

15 CHAIRPERSON WHITE: Council Member
16 Sanders.

17 COUNCIL MEMBER SANDERS: Thank you--
18 -

19 CHAIRPERSON WHITE: And, I
20 acknowledge that we've been joined by Council
21 Member Jackson, Council Member Weprin and Council
22 Member Yassky.

23 COUNCIL MEMBER SANDERS: Thank you,
24 Mr. Chair. And, let me congratulate you for
25 having an excellent hearing on an excellent

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2 subject so timely. Very useful. Good afternoon,
3 all. I am a liberal Democrat, but I'm really a
4 more of a traditionalist when it comes to
5 economics. And, I have my own concerns about the
6 stimulus policy that we're using. We're moving
7 too far away from the classical definition of what
8 a stimulus is, which is more bricks and mortars.
9 But, be that as it may, we're in a new day and
10 age.

11 I do want to return to a point that
12 my colleagues have raised earlier and that is
13 around the issue of fairness. As the prime
14 sponsor of the MWBE legislation, I want to ensure
15 that all New Yorkers, women, people of color, the
16 underserved and those communities that have been
17 shut out of the old boys network, which New York
18 City still is abiding by, are in. I'm very, very
19 concerned that our stimulus package that my
20 friend, the Mayor, has come up with may not do
21 everything for everyone. In particular, I don't
22 believe that a rising tide lifts all boats. In
23 New York City, we have found out that somehow even
24 here we get water over here and a drought over
25 there.

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2 So, I'm concerned about what
3 policies are we coming up with to make sure, two
4 different things, (a) that people, all people, can
5 participate and I mean that around the unions,
6 which have-- as a staunch unionist, I'm sad that
7 we still have problems of getting the unions to
8 understand there's one New York and on the second
9 hand, I want to know about contracts coming down.
10 I want to make sure that we don't fall for the
11 fallacy of just because these projects must be
12 shovel-ready that we don't fall into some
13 mythology that, therefore, we can only give them
14 to shovel-ready contractors, which is the new way
15 of saying that the MWBE community will be shut out
16 again, as happened in lower Manhattan, as happened
17 in the redevelopment of the World Trade Center.

18 I'm really, really concerned about
19 these things. And, I just want to go on record
20 that I, myself, and I know my colleagues, are
21 going to look at these issues and we're absolutely
22 not going to buy smoke being blown up our noses.
23 I have seen this legislation that many people in
24 this very room, the MWBE come to naught for all
25 practical purposes. And, I think that it's

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2 shameful. I will almost conclude by saying it's
3 still shameful that contractors in Selma, Alabama,
4 so-called minority and women-owned businesses,
5 would stand a better chance in Selma, Alabama than
6 they might stand in New York City. I think it's
7 shameful.

8 And, my last point is, sir, on a
9 similar issue, I'm interested in the Community
10 Development Block Grant, CDBG. Mr. Chair, if I
11 can ask that the Mayor's office send how is the
12 CDBG money used in New York City to you, I would
13 love to get a copy of that myself. It is allied
14 to this whole question. And, it should be used.
15 If we can understand how the most natural source
16 for a comeback, a stimulus of New York City, is
17 being used, then the rest I would contend is just
18 a question of following it through and that, to
19 some degree, as the Chair of Contracts, who is
20 sitting next to me and I congratulate her for
21 that. Thank you very much, Mr. Chair.

22 CHAIRPERSON WHITE: You want to
23 respond to that?

24 JEFF KAY: I will certainly leave
25 the contracts discussion for tomorrow with a much

1
2 better expert than I. On the CDBG proposal that
3 you had talked about, I think it's important to
4 note that the more CDBG money we get, the better
5 it is for New York City, while the Senate proposal
6 does not provide any money for CDBG, but the House
7 does. That provides us with additional money and
8 flexibility.

9 CHAIRPERSON WHITE: Would you
10 forward the necessary information--

11 JEFF KAY: I will certainly--

12 CHAIRPERSON WHITE: -- that we
13 asked?

14 JEFF KAY: I will certainly find
15 out who has that information first, then have them
16 get in touch with you.

17 CHAIRPERSON WHITE: But, you have
18 no reservations as to...

19 JEFF KAY: As I said, I'm not the
20 budget expert, you know.

21 CHAIRPERSON WHITE: Okay. Well,
22 you will get back to me to find out whether you
23 found--

24 JEFF KAY: I will get--

25 CHAIRPERSON WHITE: -- out who it

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was.

JEFF KAY: I will get back to you, absolutely.

CHAIRPERSON WHITE: Okay. Thank you very much. Council Member Yassky.

COUNCIL MEMBER YASSKY: Thank you. Please, just let the record reflect that Council Member Brewer shared the microphone. She deserves credit for that unusual act from an elected official. Thank you. I just have two things I want to put before you. One is that, you know, look, obviously what we do with the stimulus package, what the City does with the stimulus package, will depend on what opportunities the Federal government gives us. I get that, you know, there's a limited extent to which we can shape that. But, I want to put in a plug for focusing, as much as you can, on our manufacturing sector, which is remains real and vibrant, and programs like the program that your Administration initiated a couple years ago, the pilot program for grants to manufacturing businesses to reduce their energy consumption, which had the two-fold effect of helping our manufacturers and

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2 stimulating our own nascent green technology
3 sector, which was a home run and has not been
4 funded over the past year. This is, I mean, to
5 me, this package is a perfect opportunity to
6 restart something like that. It's something
7 you've done already. It fits within so much of
8 the rhetoric that's being used at the Federal
9 level in connection with the stimulus bill. I
10 hope you'll find a way to push for the funding for
11 that. It was, you know, I think it worked so well
12 when we did it. It'd be a shame not to expand
13 upon it.

14 And then, in specific, on public
15 housing, something that I've been talking with
16 your NYCHA folks about, but I want to just bring
17 to your attention since you're here, is the
18 opportunity for NYCHA to produce its own energy
19 through co-generation, as a large building complex
20 in Council Member James' district has done
21 recently. Another one in Manhattan is about to.
22 That's a way of turning capital investment into
23 ongoing, you know, year-in, year-out reductions in
24 operating cost. Opportunities like that don't
25 come around too much. It's a one-shot thing. You

1
2 do it. It's spent. This, it becomes a permanent
3 savings in addition to being good for the
4 environment.

5 So, I hope that you'll look at both
6 of those suggestions as you do this, Director Kay.
7 Thank you. No need to respond on the Committee's
8 time, unless you would like to.

9 CHAIRPERSON WHITE: Okay. You've
10 been patient and you've been kind and I would like
11 to just let you know that Council Member Jackson,
12 Councilwoman James and Council Member Brewer,
13 those'll be the last questions. Council Member
14 Jackson.

15 COUNCIL MEMBER JACKSON: Thank you,
16 Mr. Chair. And, let me just apologize. I wanted
17 to get here on time in order to hear all of the
18 testimony. But, I've consulted with my colleagues
19 and a former intern of mine. I have the notes
20 here as to what was happening. And, I wrote down
21 a couple things in looking at your testimony,
22 Mr. Kay. And, with respect to I ask-- I was
23 reading where New York City has identified \$5.3
24 billion in projects that are shovel-ready
25 immediately within 90 days and another 4.5 billion

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2 in projects at 180 days. And, I looked further on
3 and it talked about some transparency. And, I
4 guess the question that I have, as a member of
5 this City Council, is how transparent are the
6 projects in which we are shovel-ready? Have you
7 shared that with us here today as a list of the
8 projects under \$5.3 billion that's ready for
9 shovel-ready? And, what are the ones for 180
10 days? And, if not, why not, if you truly believe
11 in transparency?

12 JEFF KAY: Good question. I, you
13 know, my job at operations is to provide the most
14 transparency as we possibly can. And, this is
15 going to be no different. The reason why, in the
16 document that you have and you've seen, of \$5
17 billion and \$4.5 billion within the two time
18 periods within our capital plan, was that that
19 document was intended to provide to Washington.
20 And--

21 COUNCIL MEMBER JACKSON: The only,
22 I'm sorry, the only document I have is your
23 testimony. Is there another document?

24 JEFF KAY: There was a document we
25 prepared in January, which was sent down to

1
2 Washington, which this was taken from. So, give
3 me...

4 COUNCIL MEMBER JACKSON: Okay. Go
5 ahead. I'm sorry. Continue.

6 JEFF KAY: So, the goal and the
7 intention was to tell Washington, hey, we're
8 ready. We have over \$10 billion worth of
9 projects. If you gave us \$10 billion dollars, we
10 can get it done. Now, we going to get \$10
11 billion? We're not going to get \$10 billion.
12 We're looking at roughly \$500 million between the
13 various pots for construction, in addition to
14 that, some public housing capital and hopefully
15 more than that. But, you know, depending on where
16 things end.

17 In terms of transparency, as soon
18 as we know what programs are going to be funded,
19 how much money's going to go to transportation;
20 how much through water; how much, if any, through
21 schools, and before we spend a dime, we're
22 committing that every project that we spend money
23 on will be public. Every process, where it is in
24 the contracting process, this will be as
25 transparent as it possibly can. We have not

1 released a list yet of projects 'cause we don't
2 know what's going to be eligible. Between the two
3 proposals right now, you have a Senate saying I'm
4 not going to give you any money for school
5 construction. And, you have a House proposal
6 saying I can give you close to \$800 million for
7 school construction. Right now, we don't know
8 what the final's going to be. And so, it's hard
9 for us to even look at priorities without knowing
10 what's eligible, how much and through what
11 program.
12

13 I don't--

14 COUNCIL MEMBER JACKSON: So, are
15 you--

16 JEFF KAY: I don't know from water,
17 from a water proposal, whether we're going to get
18 grants or loans. I have to tell you, if we get
19 loans, it doesn't make as much sense to spend as
20 much money on it than it would on grants, since
21 the impact on ratepayers is far greater on loans
22 than grants. What we did, and in the document
23 you're looking at--

24 COUNCIL MEMBER JACKSON: Right.

25 JEFF KAY: -- completely intended

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2 to say we're ready. By the way, we've also done a
3 lot of due diligence. We've asked our agencies
4 come up with a list of projects that you think
5 could possibly be eligible. We'll evaluate them
6 when we know what to evaluate them against. We
7 don't even know that yet. In fact, I just saw the
8 statutory language for the Senate bill this
9 morning. And, I think it was the first time it
10 was public, released to the public or maybe it was
11 over the weekend.

12 COUNCIL MEMBER JACKSON: So, I see
13 here, so, this says the Federal Economic Recovery
14 bill priorities for the City of New York.

15 JEFF KAY: Correct.

16 COUNCIL MEMBER JACKSON: Michael
17 Bloomberg, William Daily, Director of Federal
18 Legislative Affairs. So, are you telling me this
19 the only document that has been sent to
20 Washington? No other specific lists of projects?

21 JEFF KAY: Absolutely correct.

22 COUNCIL MEMBER JACKSON: Okay.

23 JEFF KAY: Our goal was, you know,
24 it's a good point. Our goal, very different than
25 other cities around the country, was not to

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2 provide the list because Congress isn't going to
3 earmark and they're not going to say I'm going to
4 give you money for X, Y and Z. Our goal was let's
5 direct and work with our Congressional delegation
6 to send money to those programs; Title I for
7 school construction, Title I, as you know, for
8 education operating aid, transportation, waters
9 and grants, CDBG, send it to those programs that
10 give us the best chance of money, 'cause if you
11 send lists of projects, Congress is not doling out
12 the projects. Washington's not doling out the
13 projects. And, it's only going to distract from
14 the bigger picture.

15 COUNCIL MEMBER JACKSON: Okay. The
16 reason why I asked that question whether or not
17 this was the only package or whether there's
18 another list to see if, in fact, you're being
19 totally transparent. And, you're telling me this
20 is all there is. And so, then--

21 JEFF KAY: [Crosstalk]

22 COUNCIL MEMBER JACKSON: -- I can
23 go to my Congress Member, to Chairman of the Ways
24 and Means Committee, and ask him whether or not, I
25 can go to Chuck Schumer and ask him that to

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2 verify. You know, I truly believe you. But, I
3 need to verify to make sure that we are totally
4 transparent.

5 The second question I have has to
6 do with the communities that we represent. And,
7 I'm talking about West Harlem, Harlem, Washington
8 Heights and inward, where the average family earns
9 under \$32,000 a year. And, can you explain or
10 maybe give a general explanation, if not a
11 specific one, how are the people that I represent
12 going to be impacted by any Economic Recovery
13 package? And, I say that because when you talk
14 about, at least from my perspective as a former
15 Chair of the Contracts Committee, and when you
16 talk about shovel-ready projects, you're mainly
17 talking about union jobs. And, quite frankly, we
18 have some union members. And, when you're talking
19 about shovel-ready, you're talking about basically
20 the trades and construction. And, I want to know,
21 since the majority of people that I represent are
22 not in the trades and construction, how is that
23 going to impact the average individual that's in
24 the community that I represent? And, the
25 community that I represent right now is begging,

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begging for jobs, any kind of jobs.

JEFF KAY: Let me point out, infrastructure's important. The more money we can get for infrastructure, the better. And then, there are those issues and problems we have to work through. But, out of the roughly \$800 billion package, the amount invested in infrastructure is I believe less than 10% of that. So, the \$800 billion stimulus bill, I think only \$80 billion is for investing in infrastructure. And so, that's point one. So, there's a significant amount of additional benefits. I'm not the expert on tax cuts, nor am I here today to comment on it. I don't know the answers to that--

COUNCIL MEMBER JACKSON: Um, hm.

JEFF KAY: -- of how that would impact individuals. There are other programs, whether it be food stamp assistance, unemployment insurance that are also there. The infrastructure piece is a key component in our opinion for recovery. But, it's not the only answer. And, I think Congress has reflected that, being less than 10% of the overall package. Would we have liked to have seen it more? Sure. The more money for

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2 infrastructure, I think the better. Is it a
3 tradeoff against the other things? That's not
4 necessarily for us to decide. You know, we want
5 to get as much money as we possibly can to the
6 City and into the City economy.

7 COUNCIL MEMBER JACKSON: All right.
8 Thank you, Mr. Chair.

9 CHAIRPERSON WHITE: I'd like to
10 acknowledge the presence of Council Member Reyna,
11 who just joined us. I would like to call on
12 Councilwoman James.

13 COUNCIL MEMBER JAMES: Mr. Chair, I
14 just hope that you give me some indulgence. I
15 just have a series of questions. And, obviously,
16 the stimulus package is something that I focused
17 on as Chair of Contracts and, obviously,
18 concerned, particularly to the City of New York
19 and to the constituents that I represent.
20 Tomorrow, at one o'clock, the Contracts Committee
21 that I Chair, along with Transportation and Civil
22 Rights, will have a hearing entitled What our New
23 York Transportation Agencies are doing to ensure
24 that excluded minority and women business
25 enterprises participate in projects funded by the

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stimulus package.

I say that, Mr. Kay, because I was recently told at a hearing that at least four to five agencies in the City of New York represent the vast majority of contracts or-- yeah, constitute the vast majority of contracts in the City of New York. Most of the big contracts go to EDC, which, as you know, the local law that we passed with respect to affirmative action, WMBE, we have no jurisdiction over that agency. That's where the large contracts are, in EDC. We have no jurisdiction over that. And, in the small agencies, the lesser agencies, DOT, NYCHA, Corrections, whatever, whatever, the numbers with respect to contracting opportunities for minority and women businesses has been abysmal. The numbers have been, you know, 1%, 0%, 2%. It's been really, really horrific.

Part of it has to do with the fact that we have to take the lowest responsible bidder, which is a State law, which prohibits us. And, hopefully, the State Legislature will be addressing that. So, this law that the City Council and the Mayor's office, there was much

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2 hoopla about has not produced any fruit. In fact,
3 it's been a failure.

4 And so, I say all of that to say is
5 that the Mayor of the City of New York, on his
6 own, could issue an Executive Order today, which
7 would demand or urge that these City agencies do
8 better than they have. And, since all of this
9 stimulus funds are about to hit the City of New
10 York, and most of it is capital and not
11 operational, it is critically important that the
12 Mayor of the City of New York step forward and
13 stand on his bully pulpit and urge that these
14 agencies do better. That's my statement.

15 My question is is that I've also
16 been told that all of the stimulus money--
17 attached to the stimulus money is a requirement
18 that this money be subject to Davis Bacon, which
19 requires that most of this funds go to the
20 industries and unions and not be provided to
21 organizations that are not organized as part of a
22 labor agreement. So, is Davis Bacon part of the
23 stimulus package? Is that a requirement? If it
24 is, it, again, is a hindrance to communities of
25 color, which, as you know, have been historically

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2 excluded from the trades. We've done a much
3 better job. But, we got a long way to go.

4 JEFF KAY: I'm going to check on
5 that for you.

6 COUNCIL MEMBER JAMES: Okay.

7 JEFF KAY: Obviously, we'll
8 certainly be prepared for that tomorrow. But,
9 I'll double check. I don't remember [crosstalk]--

10 COUNCIL MEMBER JAMES: If, in fact,
11 there is Davis Bacon, I would urge Mayor
12 Bloomberg, who has been visiting all of these
13 black churches that he stand up and say with a
14 stroke of a pen that these City agencies,
15 including EDC, do better, provide more
16 opportunities for women and minorities and that he
17 track it and that we need to get beyond these low
18 numbers.

19 You know, the City of New York now
20 is in a recession. Communities that I represent
21 and Council Member Sanders and Council Member
22 Dickens and Council Member Vann, our communities
23 have been suffering for a very long time. So, a
24 recession is not something that's a stranger to
25 us. The City of New York is now in a recession.

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2 We've been in a depression for a very long time.

3 Earned income tax credit and the
4 child dependent care tax credit is something that
5 I have put in legislation, have urged the City of
6 New York to expand these tax credit to working
7 class people and poor people in the City of New
8 York, low income people in the City of New York.
9 I'm glad that you have adopted that philosophy.
10 What's the likelihood that the City of New York
11 will expand the earned income tax credit and the
12 child and dependent tax credit, which will benefit
13 low income families in the City of New York?

14 LARIAN ANGELO: Hi, how are you?

15 COUNCIL MEMBER JAMES: Hi.

16 LARIAN ANGELO: Larian Angelo, OMB.
17 Depending on how the tax credit is structured in
18 the Federal bill, it may flow through. I don't
19 think all of the change in the EITC flows through.
20 I think much of the child care does. But, I will
21 get back to you on that.

22 COUNCIL MEMBER JAMES: And, is it
23 true that most of the funds in the stimulus
24 package are, in fact, capital and not operational?

25 JEFF KAY: From the money coming to

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2 the City of New York, there's a significant amount
3 of money for capital. There is some operating
4 education aid in both, again, in both bills; one
5 has a much higher than the other one.

6 COUNCIL MEMBER JAMES: So, we will
7 still be-- so, in the City of New York, we will
8 have still have a deficit that we have to deal
9 with.

10 JEFF KAY: Oh, certainly by no
11 means is this-- in fact, the financial plan that,
12 and Larian can speak to this, but the financial
13 plan that the Mayor put out last week assumed a
14 billion dollars in the FMAP proposal. That's
15 already assumed in the financial plan. And so,
16 there's the operating money there [crosstalk]--

17 COUNCIL MEMBER JAMES:
18 [Interposing] But, instead of a \$4 billion
19 deficit, we are now looking at a \$3 billion
20 deficit because we anticipate a billion dollars of
21 Medicaid funding. Is that true?

22 LARIAN ANGELO: No, no. It was
23 included in the financial plan.

24 COUNCIL MEMBER JAMES: It was
25 included. Okay.

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2 LARIAN ANGELO: It was part of the
3 gap closure.

4 COUNCIL MEMBER JAMES: Okay.

5 LARIAN ANGELO: The education money
6 was not included in the plan. And, basically
7 nothing else in the stimulus was, just the FMAP.

8 COUNCIL MEMBER JAMES: So, if you
9 include the education, where does that bring us in
10 terms of a deficit? How does that bring us-- how
11 much of that?

12 LARIAN ANGELO: Depends on which
13 bill.

14 COUNCIL MEMBER JAMES: Okay. Okay.
15 Got it. Council Member Sanders just handed me a
16 note which said that Mayor Bloomberg has issued an
17 Executive Order on this, 506. But, unfortunately,
18 it has no teeth. It merely urges the agencies to
19 do better. But, unfortunately, they have not done
20 so. So, whatever the Mayor can do, particularly
21 in this environment, he really needs to press
22 these ACO [phonetic] officers to do better with
23 respect to contracting opportunities in these City
24 agencies.

25 You know, I'm of the opinion that

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2 we should invest in human capital. And, we should
3 invest in workforce development and job placement.
4 To what extent does this stimulus package increase
5 WIA money, Workforce Investment Act money?

6 JEFF KAY: I think it does.

7 COUNCIL MEMBER JAMES: It does?

8 JEFF KAY: And, we were looking at
9 that. In fact, we specifically requested
10 additional money through WIA. I think, and I'm
11 going to talk off the top of my head, I think it's
12 about \$50 million we think in additional WIA
13 funding that we would get--

14 COUNCIL MEMBER JAMES: Um, hm.

15 JEFF KAY: -- between the two
16 proposals, which could provide us the ability to
17 expand our workforce centers and--

18 COUNCIL MEMBER JAMES: Okay.

19 JEFF KAY: -- job retraining. It's
20 something that we agree with you is a very key
21 piece of this, is how do you make the job training
22 component meet the demands of the infrastructure
23 or--

24 COUNCIL MEMBER JAMES: Right.

25 JEFF KAY: -- the energy and have

1
2 them sort of work together; or, the green
3 manufacturing and the like.

4 COUNCIL MEMBER JAMES: Is there any
5 funds in the stimulus package for food assistance,
6 increasing food stamp opportunities?

7 JEFF KAY: Yeah, I believe so.
8 Kristen, do you want to? [Pause]

9 COUNCIL MEMBER JAMES: Hi.

10 KRISTEN MISNER: Hi. Yeah, there's
11 actually--

12 CHAIRPERSON WHITE: Identify
13 yourself, please.

14 KRISTEN MISNER: I'm Kristen
15 Misner. I am Chief of Staff to Deputy Mayor Linda
16 Gibbs.

17 CHAIRPERSON WHITE: Thank you.

18 KRISTEN MISNER: And, there is
19 about over a billion for food stamp assistance--

20 COUNCIL MEMBER JAMES: Oh, good.

21 KRISTEN MISNER: -- in the current
22 version.

23 COUNCIL MEMBER JAMES: That's
24 great.

25 KRISTEN MISNER: And, it's both in

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the House and the Senate.

COUNCIL MEMBER JAMES: And, can some of these funds be used for our food pantries that are now bare? And, there's a demand.

KRISTEN MISNER: Yeah, I think it's formula-driven.

COUNCIL MEMBER JAMES: Okay.

KRISTEN MISNER: And, it's going to go right to the food stamps.

COUNCIL MEMBER JAMES: Okay.

KRISTEN MISNER: But, obviously, we're going to explore, as much as possible, like Jeff said, we want to get as much flexibility as possible.

COUNCIL MEMBER JAMES: Last three questions, Mr. Chair, and thank you for your indulgence. NYCHA, I read an article recently that most of the capital funds for public housing will be for the elevator upgrade. Is that a true statement?

JEFF KAY: I'm not aware of that. We'll have to talk to NYCHA about that.

COUNCIL MEMBER JAMES: Okay. Is there a plan for NYCHA in terms of-- I mean, I

1
2 know that there's a chunk of money for public
3 housing for modernization. Will this money be
4 dedicated towards the elevator, given recent
5 media--

6 JEFF KAY: [Interposing] We'll have
7 to talk to NYCHA and get back to you.

8 COUNCIL MEMBER JAMES: Okay. Head
9 Start, going back to Head Start, and, yeah, and
10 Council Member Sanders, who's been great today,
11 provided me an article--

12 CHAIRPERSON WHITE: Excuse me.

13 COUNCIL MEMBER JAMES: Sorry.

14 CHAIRPERSON WHITE: Excuse me.

15 COUNCIL MEMBER JAMES: He'll ask
16 the question.

17 CHAIRPERSON WHITE: All due respect
18 to Councilman Sanders, he's down on the list to
19 speak for himself. And, other people are waiting.
20 So, this--

21 COUNCIL MEMBER JAMES: Last two
22 questions.

23 CHAIRPERSON WHITE: -- will be
24 your-- no, this'll be your last--

25 COUNCIL MEMBER JAMES: Last

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question.

CHAIRPERSON WHITE: -- question.

COUNCIL MEMBER JAMES: Okay.

CHAIRPERSON WHITE: Your last one.

COUNCIL MEMBER JAMES: It'll be a multi-question.

CHAIRPERSON WHITE: No multi.

COUNCIL MEMBER JAMES: No, okay.

CHAIRPERSON WHITE: Singular.

COUNCIL MEMBER JAMES: Head Start, pre-K and education, is there funds for early childhood education in this? And, if so, how much? And, is there funds in this stimulus package to address the layoffs at ACS and Department of Homeless Service that was gutted as part of the Mayor's Executive budget?

KRISTEN MISNER: So, there are two billion in the House and the Senate bill for the Childcare Development Block Grant--

COUNCIL MEMBER JAMES: Okay.

KRISTEN MISNER: -- which does go towards childcare. So, we're very optimistic. It's formula-driven. And so, we're hopeful to get a large sum of money from that. The Head Start

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2 funds, there was two billion in the House bill,
3 but only one billion in the Senate bill. So,
4 we're going to have to see how they-- when they go
5 to conference, how much the City can end up
6 getting from the Head Start funds.

7 COUNCIL MEMBER JAMES: And, will
8 that avert the closing of the daycare centers,
9 particularly in Brooklyn? We're slated to close a
10 number of daycare centers. Can some of those
11 funds be used to avert that?

12 KRISTEN MISNER: So, you know,
13 obviously, early childhood education is a
14 priority. And, ACS has gone through some really
15 tough budget cuts. And so, we're optimistic to
16 see how much this money can flow to plugging some
17 of the deficit that ACS has had.

18 CHAIRPERSON WHITE: Thank you very
19 much, Council Member James. Council Member
20 Brewer.

21 COUNCIL MEMBER BREWER: Thank you
22 very much. On the cultural front--

23 CHAIRPERSON WHITE: I'm going to
24 limit my colleagues to only two questions.

25 COUNCIL MEMBER BREWER: That's what

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2 I have.

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CHAIRPERSON WHITE: Not multiple
4 questions.

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COUNCIL MEMBER BREWER: On the
6 cultural front, obviously, that is an industry
7 that is incredibly important to the City of New
8 York. When I was in Washington, we had all of the
9 unions coming together and talking about being an
10 industry, just like a car industry, which would
11 make sense. What is the City of New York doing to
12 advocate and what can we get as a result of our
13 advocacy in this area?

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JEFF KAY: It's, obviously, a very
15 good point. A cultural industry is one that's
16 also one of our main priorities, as you know. We
17 have, and included in our document chart - -
18 Washington is that we should be able to spend some
19 infrastructure money to help those communities--
20 those facilities, as well. Unfortunately, I
21 believe the Senate proposal included an amendment
22 that would not allow any of the funds to be used
23 for, and I don't have the exact language on me,
24 I'd have to get it to you--

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COUNCIL MEMBER BREWER:

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[Interposing] Or, for - -

JEFF KAY: -- but, it includes language like zoos and museums and highway beautifications, which obviously is a concern, not only to us, but to cultural community. I think that that stems from what I talked about before, which is a couple of cities throughout the country talking about how they're going to spend money on, you know, a new water park or something like that.

But, we are certainly, we spoke internally this morning about what we can do to remind people that culture is an industry. It's a very important industry, not only for here in the City, but also brings people internationally to New York City on our culture. And so, we're going to do what we can to try to see what we can do to make a change to that amendment, hopefully, to see if there's something we can do, 'cause, certainly, especially for energy facilities and the like. I mean, that, although, although, you know, we don't have flexibility, like I mentioned before, to just give money to, you know, one institution over another, clearly, possibly using some energy money might be a possibility. That's probably the most,

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2 I would say, flexible money that we have.

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COUNCIL MEMBER BREWER: Okay. And, the second question, just on the workforce. When this money comes down on the non-capital side, but on the expense side, however limited it is, does that go always to the City agencies? Does it go contracted out? How will that all be determined? Obviously, with the workforce centers, they are already working with nonprofits. But, how do you make that determination?

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JEFF KAY: We're in the process of now and discussing internally how best to utilize any new job retraining money, whether it be through WIA or through any other sources. And, you know, our goal's going to be to maximize it as quickly as far as we can stretch the dollars.

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COUNCIL MEMBER BREWER: So, still flexible on how you're going to do it.

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JEFF KAY: When we come up with a plan, which we're talking about now, I'll be happy, you know, we can come back to you and explain sort of our thoughts about how we think it should work.

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COUNCIL MEMBER BREWER: All right.

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2 Thank you. And also, just thanks for the audit
3 opportunities online. And, I hope it will be,
4 with all due respect to IBM and DOE, more
5 understandable. Thank you.

6 CHAIRPERSON WHITE: Thank you very
7 much. Councilwoman Reyna. And, I want to
8 recognize a member of the Committee, Council
9 Member Gerson, who will be next.

10 COUNCIL MEMBER REYNA: Thank you,
11 Mr. Chair. I just wanted to make sure that
12 Council Member Sanders does get on the list. I
13 think he did say yeah before me. I'm sorry. But,
14 I wanted to--

15 MALE VOICE: She looks better.

16 COUNCIL MEMBER REYNA: -- thank you
17 for recognizing. I missed the portion of the
18 testimony. I tried to get through it quickly.
19 But, I was curious to just follow up on the early
20 childhood education money that was spoken of.
21 There's a \$62 million gap right now currently that
22 ACS continuously has had and just continues to
23 grow. And, a lot of transition plans as to how to
24 deal with this puts into jeopardy early childhood
25 childcare centers; many in obviously poor

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districts, such as my own.

So, I wanted to just get a better understanding as to this money that we have requested, how is it going to be implemented so that ACS not only fills a hole, because it's not a band aid effect that we're looking for, is how do we look to make sure that there are efficiencies that will then allow for this money to just continue to hold together a system that's going to be advantageous to families to keep them continuing to work? It takes two parents, let alone single-parent households to live a quality of life in the City of New York. So, if you can just help me understand.

KRISTEN MISNER: So, first, I think you're exactly right. I think this money, it's only two years. And, it's not going to solve the problems that ACS has in terms of funding childcare, early child education. And so, I think one of the priorities that we're definitely looking at is to figure out how to use this money best to make sure that the system is structured in a way that it continues to be efficient and that it can sustain itself into the future when the

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2 stimulus money is gone. It's unclear right now,
3 since there's a House bill and there's a Senate
4 bill, how much, you know, how much money's
5 actually going to come down to the City; what are
6 the rules and regulations on that money; how that
7 money's going to be able to be spent. But, it's
8 definitely something that the agency and the City,
9 as a whole, is looking very long and hard at to
10 figure out how to do that best. And so, I think
11 with a similar objective in mind.

12 COUNCIL MEMBER REYNA: And, do we
13 expect that there will be a hold on any transition
14 plans because this September, ACS is calling for
15 3,500 5-year-olds to be shifted from ACS into the
16 Department of Education. And, the Department of
17 Education has no idea where they're going to be
18 placing 3,500 5-year-olds. So, therefore, with
19 just a couple of months to begin the new school
20 year, and this particular contingency plan to take
21 effect for only the first two years, then moving
22 forward figuring out how we're going to hold
23 intact our childhood childcare centers.

24 KRISTEN MISNER: I think it's
25 premature now to say whether or not anything is on

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2 hold. But, I do know that ACS has been in
3 conversations with the Council, has been working
4 with DOE and a number of different workforce and
5 task force to figure out the answers to these
6 questions.

7 COUNCIL MEMBER REYNA: Okay. So,
8 the childhood childcare center funding for ACS, I
9 was under the impression that the House of
10 Representatives, or at the Senate side, removed
11 this piece. Is that not true?

12 KRISTEN MISNER: You're referring
13 to the Head Start money or to the Childcare
14 Development Block Grant money?

15 COUNCIL MEMBER REYNA: You tell me.

16 KRISTEN MISNER: So, the Childcare
17 Development Block Grant money is still there in
18 the form of \$2 billion nationwide. The Head Start
19 money was the House proposed two billion and the
20 Senate seems to have proposed only one billion.
21 And so, it's unclear how much of the Head Start
22 money will actually be in the final bill.

23 COUNCIL MEMBER REYNA: I see. I
24 appreciate the clarification. And, just to give
25 some further echoing to the issue of MWBE

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2 contracting. The money that we hope to receive
3 from the stimulus package, what is the intent of
4 the Administration to try to, and I'm not directly
5 this particularly to you, but if you can answer,
6 as far as the MWBE contracting opportunities?
7 What contracting methods or plan is going to be
8 put into effect in order to improve the
9 percentages that we thought were going to already
10 be there, but do not seem to come up to par as to
11 what we were expecting?

12 JEFF KAY: I think to answer your
13 question, Marla Simpson, our Director of Contract
14 Services will be available tomorrow for the
15 hearing in front of the Contract Committee and the
16 Transportation Committee, to discuss that very
17 issue.

18 COUNCIL MEMBER REYNA: So,
19 tomorrow's questions in reference to the stimulus
20 package, Marla Simpson will be--

21 JEFF KAY: I believe that's--

22 COUNCIL MEMBER REYNA: --
23 addressing--

24 JEFF KAY: -- the topic of the
25 hearing, yes.

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2 COUNCIL MEMBER REYNA: But, at this
3 point, as far as the office, the Mayor's Office of
4 Operations, there's nothing in place?

5 JEFF KAY: The Mayor's Office of
6 Contract Service is responsible for this issue.
7 And, she'll be available tomorrow to represent the
8 Mayor's office on this issue.

9 COUNCIL MEMBER REYNA: And, I'm
10 just asking because as the Director of the Office
11 for Operations, I would assume that there would be
12 some preliminary discussions with...

13 JEFF KAY: I think Marla's the best
14 person to talk about that. She's the expert on
15 the topic. She's familiar with your issues.

16 COUNCIL MEMBER REYNA: Okay. Thank
17 you very much, Mr. Chair.

18 CHAIRPERSON WHITE: You're quite
19 welcome. Council Member Gerson.

20 COUNCIL MEMBER GERSON: Thank you
21 very much, Mr. Chair. And, of course, thank you
22 for your ongoing leadership, in particular for
23 organizing this very important and timely hearing.
24 Could you just elaborate a little bit on the point
25 as to measures to improve the credit market from

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2 the City's perspective? What steps, you refer to
3 tax code revisions that are in both versions, you
4 know, what are they? What are their projected
5 impacts? I mean, I really think that is an
6 extraordinarily critical part of the overall
7 package from the standpoint of both economic
8 stimulus and the City's capital needs. So, you
9 could elaborate on that. And, do we anticipate
10 [pause], do we anticipate that if what is proposed
11 remains intact that we will be able to keep our
12 four-year capital plan intact without having to
13 extend it to five years? That clearly is the
14 goal.

15 JEFF KAY: Those are two different-

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17 COUNCIL MEMBER GERSON: Or, one of-

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19 JEFF KAY: Those are two different
20 questions. And, one, I'm probably more
21 comfortable answering than the other. The--

22 COUNCIL MEMBER GERSON: They're
23 interrelated.

24 JEFF KAY: Well, a little bit. The
25 first one is your question about what are their

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2 proposals to strengthen the credit market. I am
3 going to leave that to get back to you today with
4 a financial bond expert, whether it be Mark Page
5 or Alan Anders in OMB. And, Larian will be able
6 to get that to you today. There were some
7 significant proposals that they can walk you
8 through.

9 The second part of your question
10 deals with how that interplays with the capital
11 plan. And, I could also leave that to the Budget
12 Director to discuss. But, the first point is this
13 has to do with strengthen the credit markets. At
14 the end of the day, the City of New York still has
15 to pay the debt service. The question is how big
16 is the debt service, at what interest rates. And,
17 you know, that's certainly an issue. How does
18 that impact the size of the capital plan is also
19 an issue. But, will that completely mitigate
20 that? I would think not. But, we'll certainly
21 get you that information today.

22 COUNCIL MEMBER GERSON: You know,
23 I'd be interested in knowing if it would at least
24 partially mitigate that. I, you know, I would
25 also be skeptical as to whether I would

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2 completely, but if, you know, there comes a point
3 that if debt service is reduced by these
4 provisions, then maybe some of that capital plan
5 could be, that was stretched out, could be put
6 back in to the original four-year--

7 JEFF KAY: [Interposing] I think
8 it's fair to say that we'll get someone back to
9 you about what provisions were in there and what
10 they anticipate the impacts on the interest rates
11 would be, as a result.

12 COUNCIL MEMBER GERSON: Okay. I
13 would appreciate that. And, Mr. Chair, I just
14 want, sticking to your direction of two points or
15 two questions, that's my second. I would just
16 like to bring up and put on the table and ask if
17 you could follow up on one or two--

18 CHAIRPERSON WHITE: Um, hm.

19 COUNCIL MEMBER GERSON: -- areas of
20 capital spending that have not been explicitly
21 referenced in your testimony, maybe implicitly.
22 One is affordable housing, outside of the NYCHA
23 context. There is a tremendous amount of
24 affordable housing that could be created or
25 preserved through the expenditure of capital funds

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2 on shovel-ready improvements, physical upgrades,
3 which would allow the buildings to remain
4 affordable or would convert substandard housing
5 into affordable, you know, above-standard housing.
6 So, I would hope that that is something that would
7 be high on the City's list and something we would,
8 you know, lobby to include.

9 And, the second one is the
10 Department of Education, beyond the boiler repair,
11 which, of course, is extraordinarily important,
12 but, I think everyone agree that the Board of Ed's
13 five-year capital plan still leaves a lot of areas
14 open, specifically in keeping with the Mayor's
15 promotion of youth health and anti-obesity. We
16 have schools with gyms and swimming pools that are
17 in need of significant repair. We have schools
18 without any gymnasium or schools that are proposed
19 to be built without a gymnasium. And, if we could
20 use some of these funds, again, for job-creating
21 capital projects that repair or create physical
22 fitness facilities beyond the inadequate multi-
23 space rooms that are proposed in place of gyms,
24 that would serve economic stimulus. But, it would
25 also serve healthy children. So, I would hope

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that would be on your list.

JEFF KAY: You're raising a point, which I would love to have the ability even to begin that discussion and has to do with flexibility. Cities, and including us, were looking for as much flexible as we possibly can with some of the infrastructure money. As you know, most of the money that we're getting is through programs that exist now, whether it be transportation or water or possibly a new program with school construction, the House proposed money for school construction, which could get us about \$800 million over the next two years. And then, there's obviously plenty of projects within our capital plan, and probably without our capital plan, that we can use on shovel-ready right now for school construction. The Senate proposal does not include any money for school construction. So, we don't have that flexible authority.

And, similar goes for housing. Which infrastructure money can we have for shovel-ready used for housing? It's unclear, for the moment. There's some CDBG funds only in the House bill, not in the Senate bill. And, the other big

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2 infrastructure money does not allow itself to be
3 used, and may not allow itself to be used, for all
4 of our local priorities. And, I think why
5 flexibility is good and would be better is we can
6 make some local decisions. But, at the same time,
7 we will make sure that any money we get through
8 whatever formula gets used quickly and to the
9 maximum benefit in terms of stimulating jobs and
10 helping the local communities.

11 COUNCIL MEMBER GERSON: Well, thank
12 you very much, Mr. Chair. And, I raise these
13 points so, you know, hopefully you will keep them,
14 as well as the other points raised by my
15 colleagues, on the table. At some point,
16 everything interrelates. If we get the credit
17 market relief, that lowers debt cost to the extent
18 that, you know, these funds are restricted. If
19 they free up the City capital funds from some of
20 these type of projects, then we could use them to
21 enhance the economic stimulus package. And, I
22 would suggest some of the ways I just mentioned
23 would be very appropriate ways to do so. So, I
24 hope the Administration will keep those in mind.
25 Thank you very much. Thank you, Mr. Chair.

2 CHAIRPERSON WHITE: Thank you. I
3 wish to acknowledge the presence of my colleague
4 Council Member Viverito. Council Member James, I
5 mean, Sanders.

6 COUNCIL MEMBER SANDERS: I'll take
7 it. Well, he was right. He was right. The Chair
8 is always right. The Chair's always right. The
9 difficulty of, to piggybacking on my esteemed
10 colleague, Council Member Gerson, who spoke of the
11 need for quickness, the difficulty of using a
12 quick plan means that without a plan for the MWBE
13 component, in all probability, quickness means
14 very little MWBE. If we fail to plan, we, of
15 course, plan to fail. Two questions. Of course,
16 you said earlier that the Mayor has not submitted
17 a list of proposed projects to Washington, DC.

18 JEFF KAY: That's correct.

19 COUNCIL MEMBER SANDERS: I am aware
20 that the Mayor has accumulated a list of projects,
21 however. Can that list be submitted to the Chair
22 of this esteemed Committee?

23 JEFF KAY: We collected the list to
24 get an overall sense of what we think we can
25 possibly do. We have not, and we're in the

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2 process now of looking to match it up with
3 potential programs and vetting it along with our
4 capital plan. And, what's not in our capital
5 plan, about whether it makes sense to do or not
6 sense to do. So, we're in that process. And, as
7 soon as we know exactly what is eligible and we've
8 gone through that vetting process, we will, I
9 assure you that we will release these projects
10 before any dollar is spent. And, I hope, and it
11 is my goal, to get these list of projects out
12 within two weeks of this bill being signed by the
13 President.

14 COUNCIL MEMBER SANDERS: Okay.

15 Well, a suspicious mind, not mine own, of course,
16 would say that you're trying to create a fact on
17 the ground and the Council would have no impact
18 whatsoever. However, I'm sure that that's not the
19 case. My second question is have we created an
20 economic development SAR on this project? If
21 you're getting all of this money in, you're going
22 to have every agency involved in a food fight, as
23 they should. Who makes the decision? What office
24 makes the decision who does and are there any
25 criteria that we're going to use? And, will that

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2 criteria be brought before the Council in a timely
3 basis and not after the money is spent?

4 JEFF KAY: It's, obviously, a very
5 good question.

6 COUNCIL MEMBER SANDERS: Thank you,
7 Mr. Chair.

8 JEFF KAY: I would suggest one
9 reason, while I've been working with our partners
10 at OMB, is that we can help provide some sort of
11 guidance to our agencies of what they're eligible
12 for and what they're not, given my role at
13 Operations and OMB's role of dealing with the
14 budget and finances. Some of this will be
15 decided, frankly, from the parameters set in
16 Washington in that school construction can only be
17 for school construction and water money, only for
18 water. And, there, you know, part of me, from a
19 personal perspective, you know, it would be great
20 to have two, \$3 billion of flexibility. But then,
21 you run, man, that food fight's going to be big.
22 In this case, the money that's going to be
23 provided is going to be limited.

24 In my opinion, and as we look at
25 it, except for some energy proposals, there'll be

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2 very limited opportunity where agencies will
3 overlap with funding sources. Most of these
4 programs are funding programs that we currently
5 deal with now. We currently have transportation
6 funding through the programs now that get split up
7 between transportation and, in some cases, parks,
8 right. We currently have water programs now. So,
9 it's something we're used to dealing with. It's
10 not going to be, unfortunately, it's not going to
11 be this new influx of money that we're going to
12 now be able to decide where to go with it.

13 And, there's some benefits and--
14 advantages and disadvantages. The advantage of
15 the formulas you know is that that's good for New
16 York City, 'cause they've gone through the
17 formulas that are good for us. And, I said
18 earlier, I would probably take that over
19 competition. And, if I had to chose flexibility
20 over the formulas, I think I like the formulas
21 that drive more money in New York City than the
22 flexibility. So, with that said, I actually think
23 this is good for New York City and probably
24 better. Would you like both? Everyone would like
25 both. You'd like more money and flexibility.

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2 But, I'd take more money over flexibility for the
3 moment. I think that's what we're being provided
4 with.

5 So, to answer your question, is I
6 think agencies are used to dealing with this. We
7 have our continued oversight between my office and
8 OMB. And, we'll be, as we mentioned before, as
9 soon as we have that list, we'll get that out.
10 And, we'll be able to match it up now. You talk
11 about a big plan and to make sure that we get that
12 under wraps as it deals with contracting, as I
13 said, Marla will be there tomorrow.

14 But, I think it is important that
15 no matter what we do, quickness is not necessarily
16 important for the economy. But, the worst thing
17 would be in the world is there is language in both
18 of these bills that are use it or lose it. And,
19 the last thing I want to do and the last thing I'm
20 sure any of you want to do is for us to take money
21 from the Federal government and give it back
22 because we were ill-prepared to deal with this.
23 And, I think it's important that we use all the
24 money that we possibly can.

25 And so, I understand the balance.

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2 But, I also understand that quickness is not
3 necessarily because we want it to be quick. It's
4 because we're being told if you want the money, it
5 has to be quick. And, there's a very strong use
6 it or lose it language in both the House and the
7 Senate bill.

8 CHAIRPERSON WHITE: Okay. I just
9 have a quick question on at the Conference of
10 Cities--

11 JEFF KAY: Um, hm.

12 CHAIRPERSON WHITE: -- the Mayor
13 made a statement on the suggestion that the
14 creation of an urban innovation fund--

15 JEFF KAY: Um, hm.

16 CHAIRPERSON WHITE: -- be developed
17 to the tune of five billion to be managed out of
18 the White House. Where is that?

19 JEFF KAY: That proposal's not in
20 either of the stimulus proposals. That proposal
21 is modeled after the Center for Economic
22 Opportunity that we have here. And, I believe
23 that we will continue our conversations with the
24 White House to prove that it is a good thing for
25 reducing poverty and preventing poverty. Even

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2 though it's not in the stimulus package, I think
3 it will continue to be on our agenda in Washington
4 and can be used as a real strong model nationwide.

5 CHAIRPERSON WHITE: So, in other
6 words, that is possibly a demonstration project
7 being considered.

8 JEFF KAY: We propose that it
9 should be a demonstration project.

10 CHAIRPERSON WHITE: Um, hm.

11 JEFF KAY: And, we had proposed
12 that it would be good to see in the stimulus
13 proposals. It was not included in either the
14 House or the Senate. But, that doesn't mean that
15 we don't think it's a good proposal. We'll
16 continue to lobby for it in Washington and we
17 think that it's a good model, not just for New
18 York City, but for other cities across the
19 country.

20 CHAIRPERSON WHITE: Okay. Now, as
21 you well know, that when you have high
22 unemployment and the economy as it is, you have
23 high crime. How much money is in that stimulus
24 package for the police?

25 JEFF KAY: There's two big

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2 proposals. I'm going to ask Scott Siegel
3 [phonetic]. There's two proposals. There's
4 Justice Assistance grants, which the levels vary
5 between the House and the Senate proposal. And,
6 the second is the COPS funding, which goes to
7 hiring new police officers. And, I believe that's
8 the same in both the House and the Senate
9 proposal, but with some different restrictions
10 removed than have been there in the past.

11 CHAIRPERSON WHITE: How much money?

12 SCOTT SIEGEL: Well, we--

13 CHAIRPERSON WHITE: Identify
14 yourself, sir.

15 SCOTT SIEGEL: Scott Siegel, Office
16 of the Deputy Mayor for Operations. There's two
17 programs that we see benefiting New York City in
18 the criminal justice world. One is the Justice
19 Assistance/Burn program. In the House bill, which
20 is a little bit more favorable than the Senate
21 bill, we anticipate possibly receiving about \$44
22 million, which is to be spent over four years.
23 And, on the Senate side, \$16 million.

24 Then, both bills provide a billion
25 dollars nationally for the COPS program, which is

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2 used to hire police officers. And, we're very
3 closely monitoring that for obvious reasons.

4 Although the dollar amounts are the
5 same across both bills, the spending limitations
6 are slightly different. And, this is where it
7 gets a little bit complicated. First of all,
8 they're both competitive programs. So, it's not
9 like CDBG or other Title I, where there's a
10 specific formula where the money gets passed down
11 to us. So, we would have to apply and we'd be
12 competing against all the other jurisdictions
13 throughout the country.

14 And then, furthermore, there's a
15 limitation in the Senate bill. In the Senate
16 bill, the City would be required, I believe, to
17 pick up, although I haven't seen the bill that was
18 released this morning, we believe that the City
19 would be required to pick up the entire tab of
20 these police officers, or commit to pick up the
21 entire tab of these police officers in their
22 fourth year. The House bill does not require
23 that, it doesn't appear.

24 In both bills, one favorable
25 improvement that we've seen over the last couple

1
2 of weeks is the City's requirement to match, in
3 the first-- the cap for the match is actually
4 waived. So, historically, the COPS program hasn't
5 been quite as effective in New York City because
6 there was a cap of \$25,000 maximum subsidy per
7 year. In both bills, they actually waive that
8 cap.

9 So, I guess, to summarize, in both
10 bills, the City would be required to pick up a
11 percentage. But, the cap is waived, which is very
12 beneficial to New York. We've seen reports in the
13 news of, you know, hundreds of new police officers
14 for New York City. I think that's very
15 inaccurate. I think, in its best case, again,
16 because it is a competitive program, where other
17 jurisdictions, depending on the match provisions
18 and how they change, would be fiercely competing
19 for these new officers. We think maybe you're
20 talking a couple hundred police officers, at best,
21 which we would certainly welcome. But, we're not
22 talking about a thousand new police officers.

23 CHAIRPERSON WHITE: Okay. Thank
24 you very much. Go ahead.

25 COUNCIL MEMBER JAMES: So, will

1
2 that avert the layoffs or the new class that was
3 anticipated?

4 SCOTT SIEGEL: I believe the new
5 class of 250 and then another class of 250.
6 Again, we're not assuming this money yet. The
7 bills are changing very rapidly. As I said, the
8 Senate just released its bill this morning. But,
9 we have not discussed layoffs of police officers.
10 As Director Kay points out, it's a competitive
11 grant program, as well. So, not only have we not
12 seen the final language, but we haven't had an
13 opportunity to apply for the funding yet either.

14 COUNCIL MEMBER JAMES: If our
15 response is favorable as part of this competitive
16 bid, will we go forward with the next class?

17 SCOTT SIEGEL: I think we'll make
18 that decision as--

19 COUNCIL MEMBER JAMES: Okay.

20 SCOTT SIEGEL: -- it becomes more
21 apparent to us as to what we're receiving.

22 COUNCIL MEMBER JAMES: Thank you.

23 CHAIRPERSON WHITE: Okay. I would
24 like to thank you. But, however, we want to keep
25 the dialogue going--

2 JEFF KAY: Sure.

3 CHAIRPERSON WHITE: -- all those
4 commitments made as it pertains to documentation
5 that you committed to give to the Chair that you
6 forward to the Chair. And, the Chair will
7 disseminate the information to the various
8 Committee Chairs and the various Council Members
9 who had requested additional information.

10 JEFF KAY: Sure.

11 CHAIRPERSON WHITE: And, let's move
12 ahead together and let's get some-- keep the
13 dialogue moving.

14 JEFF KAY: Thank you.

15 CHAIRPERSON WHITE: Thank you.

16 [Pause] The Chair, I would like to call Marvin
17 Reiskin, from the UFT; Felice Farber, General
18 Contractors Association, as well as Mark Griffith,
19 from the Drum Major Institute for Public Policy.

20 [Pause] Somebody missing. [Pause]

21 MARVIN REISKIN: Okay.

22 CHAIRPERSON WHITE: Yes.

23 MARVIN REISKIN: Sure. Good
24 afternoon, Councilman White, members of the
25 Committee. My name is Marvin Reiskin. And, I'm

1
2 the Political Director of the United Federation of
3 Teachers and will speak on behalf of Randi
4 Weingarten, President of the UFT.

5 I must say that I am distressed
6 that we have to be here today. With so much at
7 stake and the economic news getting worse every
8 week, most New Yorkers, and the rest of America,
9 were hopeful that a federal economic stimulus
10 package would have been approved weeks ago, and
11 certainly by now. The stimulus package is very
12 much needed. And, the amounts that are in both
13 the Senate and House versions are larger than
14 anyone has ever envisioned. Yet the times are
15 extraordinary as well.

16 So today, we are urging our
17 elected representatives in Congress to put
18 politics aside in order to approve a package
19 that will help cities and towns across the
20 nation avoid the direct consequences of the
21 current economic crisis. Our House members have
22 been terrific, and our senators are fighting for
23 us, as Senator Schumer has said countless times.

24 As President Obama said last week,
25 this is not a game. He did his part by

1
2 proposing a package that provides a solid
3 foundation on which Republicans and Democrats
4 should be able to build some type of consensus.

5 The House of Representatives has
6 already approved a package, and late Friday the
7 Senate approved its version, which drastically
8 cut funding for education, including the fund
9 that would stabilize schools and avert Draconian
10 cuts. It also cut funds for school
11 construction. That is a major concern for us.
12 Let me say up front, we at the United Federation
13 of Teachers find it very distressing that the
14 Senate version cut about 60 billion from
15 education.

16 It starts by cutting 40 billion,
17 or about 23%, from the funds targeted to help
18 states avoid drastic education cuts and teacher
19 layoffs. The Senate version does not clearly
20 enable the City to use any of the money to
21 offset state or city budget cuts, measuring more
22 than half of all City public schools would face
23 reductions of up to 16% a year. The Senate
24 version also eliminates the 20 billion in
25 construction aid for schools and colleges and

1
2 cuts new aid for the Head Start early childhood
3 education program by 1 billion, as Councilwoman
4 James certainly makes note.

5 The full impact of the stimulus
6 bill on New York City schools will be determined
7 shortly as the Senate and the House work out
8 their differences. In the meantime, hundreds of
9 New Yorkers, concerned parents and educators,
10 will board buses tomorrow to travel to
11 Washington, along with the UFT, so that their
12 voices can be heard on this matter as we lobby
13 our Congressional delegation. We are going to
14 meet with our representatives in Congress to
15 urge them to ensure that our schools are
16 protected and get the resources they so
17 desperately need by approving a stimulus package
18 closer to the House version.

19 As you know, we have been pushing
20 for a tripartite solution to the current
21 challenges facing education. In addition to
22 passage of a federal economic stimulus package,
23 it would include progressive revenues, as
24 opposed to tax hikes and fees that hurt those
25 least able to afford them and responsible

1
2 spending cuts that do not damage core public
3 services, including direct services to students.

4 We will lobby for Congress to
5 approve a stimulus package closer to the House's
6 version. Under the best case scenario, about
7 1.2 billion in funding would be restored. But,
8 that still would leave New York City with a cut
9 of 43 million. As a result, according to the
10 City's Department of Education, about 660
11 schools would see a gain of about 1%. But, 480
12 schools would see a cut of up to 2%. And 300
13 schools would realize a cut in funding of 2 to
14 4%.

15 In announcing his proposed City
16 budget plan for the coming year, Mayor Bloomberg
17 said last week that the City public school
18 system would have to lay off more than 14,000
19 educators, or close to 20% of our teachers, if
20 it does not receive the additional aid he is
21 seeking from Washington and Albany. In fact, he
22 seemed to target teachers for 80% of his
23 proposed reduction in the municipal workforce.

24 That scared virtually all of our
25 first and second and third-year teachers into

1 thinking they might not have jobs in September.
2 In addition to being a crushing blow to students
3 and parents, it would effectively say to anyone
4 interested in teaching, don't bother. Education
5 is not a priority here.
6

7 The Mayor is right to push for as
8 much state and federal aid as the City can get.
9 But, we don't need to scare people who are
10 already feeling very uncertain about their
11 futures in this global economic crisis. And,
12 our educators aren't the only ones worried
13 because parents know that every time a teacher
14 is laid off it amounts to a direct service cut
15 to children.

16 Thankfully, last week Assembly
17 Speaker Silver provided a ray of hope when he
18 pledged that he and other leaders in the State
19 Legislature would work with the Governor to
20 ensure that teachers are not laid off and that
21 classrooms are protected.

22 But the actions of the State and
23 the City depend squarely on what happens in
24 Washington with the stimulus package. As
25 President Obama said, we have to let Congress

1
2 know that the people's business cannot wait.
3 I'm sure you agree as do we. Thank you very
4 much.

5 CHAIRPERSON WHITE: Thank you.

6 FELICE FARBER: Thank you for the
7 opportunity to testify today. My name is Felice
8 Farber. And, I am the Director of External
9 Affairs for the General Contractors Association of
10 New York, a trade association representing the
11 heavy construction industry since 1909. Our
12 members have built and continue to build New York
13 City's infrastructure, from roads and bridges, to
14 mass transit systems, and water and wastewater
15 systems.

16 According to the New York State
17 Department of Labor, the construction industry
18 lost 16,300 jobs in December. In the last three
19 months, New York State lost more than 100,000
20 jobs, the largest job losses since 1994 and that
21 number continues to grow at an alarming rate.

22 The Economic Recovery Package
23 making its way through Washington contains much
24 needed capital dollars for New York State and New
25 York City. The construction industry has the

1
2 capacity and is ready to efficiently and quickly
3 go to work, building and repairing our
4 infrastructure, creating jobs, and helping New
5 York work its way out of the recession.

6 Ideally, the infrastructure
7 stimulus bill would allow New York to expand our
8 infrastructure, sparking for New York a future of
9 growth and prosperity, just as we did in the 1930s
10 when we built the Triborough Bridge, the George
11 Washington Bridge, the Grand Central Parkway and
12 other projects. These and other road and transit
13 expansion projects set the stage for New York's
14 economic growth of the 1950's and beyond.

15 The current federal plan sets
16 strict limits on the time frame for spending the
17 stimulus funds and, to a certain extent, affects
18 the grand vision for the projects we ought to be
19 building. While there are variations between the
20 House and the Senate versions of the bill, they
21 both contain provisions that mandate the state to
22 obligate 50% of the funds within 90 or 180 days
23 and the remainder by 2010 for projects that can be
24 completed within three years.

25 Reductions in the City, MTA and

1
2 State capital programs over the past years have
3 left many projects ready to go but awaiting
4 funding. These are the projects that are shovel-
5 ready. And, we suggest several guiding principals
6 in choosing projects for stimulus funding. First,
7 fix it first; select projects that repair our
8 aging infrastructure rather than simply lay more
9 asphalt, such as bridge and roadway rehabilitation
10 projects, rather than mill and fill. Select ready
11 to go projects that build on system expansion
12 efforts. And, where federal funds are replacing
13 state and local dollars, we should make sure to
14 reprogram those state and local monies into other
15 ready-to-go capital projects that might not be
16 eligible for federal funds.

17 We need to move forward with
18 project designs, so that when the economy
19 recovers, there are projects that are ready to go.
20 At the current rate, we will be depleting our
21 roster of projects, and risk having no bench of
22 projects to build. This is particularly a concern
23 at the State level. And, we need to make sure to
24 fund basic water main and sewer replacement
25 projects, in addition to federally mandated water

1
2 and wastewater treatment projects. This work has
3 dropped off precipitously over the past several
4 years.

5 It is critically important that we
6 move forward spending the stimulus funds quickly
7 and efficiently. If we don't, we risk returning
8 the money to the State or sending it to other
9 states. Moreover, the federal transportation
10 bill, SAFETEA-LU is up for reauthorization this
11 year. And, if we fail to spend the stimulus funds
12 quickly and wisely, then we hinder reauthorization
13 efforts and risk reduced authorization levels in a
14 new transportation bill. Such an action would
15 have a greater impact on New York's transportation
16 infrastructure, than never having the stimulus
17 bill in the first place.

18 Infrastructure investment is
19 precisely the type of investments we should be
20 making now. A well functioning transportation
21 network, from our transit system to our roads and
22 bridges and water and wastewater systems, critical
23 to the economic vitality of New York City and is
24 the network that has allowed our City to grow and
25 prosper over the years.

1
2 While the immediate investment
3 creates direct construction employment, critical
4 ancillary jobs that are created from
5 infrastructure projects and are less apparent, but
6 very real nonetheless. For every project,
7 materials, supplies and equipment are purchased
8 keeping our manufacturing base in New York and
9 throughout the country working. Each project
10 requires insurance and bonding, and lawyers and
11 accountants, keeping New York's white collar
12 workers employed, as well. Every trade worker
13 that can continue to pay their mortgage, and
14 purchase goods and services, and buy new vehicles,
15 are equally as important to the economy. That is
16 why the Federal Highway Administration, after
17 detailed analysis, concluded that every billion
18 dollars invested in transportation infrastructure
19 creates 34,779 jobs.

20 Government needs to invest in
21 infrastructure now. The construction industry is
22 ready to work and to do our part to grow the
23 economy of New York and help set the stage for the
24 next cycle of economic expansion. Thank you

25 CHAIRPERSON WHITE: Thank you.

1
2 Mr. Griffith.

3 MARK GRIFFITH: Good afternoon,
4 members of the New York City Council Committee on
5 Economic Development, Chairman White, and, of
6 course, my own Councilman Al Vann. My name is
7 Mark Winston Griffith. And, I am the newly
8 appointed Executive Director of the Drum Major
9 Institute for Public Policy. I also have with me
10 my colleague in research at DMI, Harry Morose
11 [phonetic] behind me.

12 DMI, that is the Drum Major
13 Institute for Public Policy, is a progressive
14 think tank that generates ideas that help fuel the
15 progressive movement, both nationally and here in
16 New York. Until very recently, I was DMI's Senior
17 Fellow for Economic Justice, a position in which I
18 leveraged my more than 20 years of experience
19 running a cooperative banking institution,
20 building other community-based organizations and,
21 serving as an advocate on a range of community
22 development, housing and financial services
23 issues.

24 It's important to clearly define
25 our purpose here today. Considering that the

1
2 federal stimulus bill is still being negotiated in
3 Washington, and that we have limited influence
4 over how Congress will target states, cities and
5 New York, in particular, and considering that
6 flexibility and discretion in allocating these
7 federal funds may be limited, it's important to
8 talk about "priorities" in the appropriate
9 context. Instead of asking how New York City
10 should use the money, let's ask, how, in the
11 context of the federal stimulus, the City should
12 take advantage of its resources and talent to not
13 only weather this financial storm, but, in fact,
14 make New York stronger. New York has always
15 prided itself on being an innovator in developing
16 urban policies that help government play a
17 proactive and positive role in the lives of its
18 citizens. Let's rise to the challenge in this
19 moment of crisis.

20 Last year, the One City, One Future
21 coalition, which was made up of some of the City's
22 smartest thinkers and most committed advocates in
23 the area of economic development, warned that the
24 City was becoming increasingly hostile to the
25 middle and working classes, and that the interests

1
2 of large developers and the rich threatened New
3 York's promise as an urban model of opportunity
4 and economic diversity. In a groundbreaking
5 report, it detailed a vision of New York in which
6 accountability, transparency, sustainability and
7 local involvement guides the way we make economic
8 development decisions in this City.

9 A recent report by the Center for
10 an Urban Future effectively backed up this
11 argument and documented how rising housing costs,
12 the erosion of good jobs, the proliferation of
13 inferior public schools, declining transit
14 service, and mega-development were squeezing out
15 the middle class in New York City.

16 The Drum Major Institute has been
17 making a similar point for years, both in terms of
18 New York City and the nation, as a whole. We will
19 soon be unveiling a blueprint for a progressive
20 income tax system that, if enacted, will help
21 enable poor New Yorkers to not just aspire to, but
22 actually enter, the ranks of the middle class.
23 Through initiatives like our Marketplace of Ideas,
24 Mayor TV and Progressive Urban Model Policy
25 Project, DMI has identified and analyzed dozens of

1
2 tried and true ways in which New York City
3 government can lead the nation in areas like
4 housing, education, green development,
5 transportation, workforce development and
6 employment practices.

7 DMI contends that as New York
8 approaches its economic future, we should strive
9 to become a leader in policies that expand the
10 middle class. Although it is difficult to know
11 what will survive the chopping block in the
12 federal stimulus, we know right now what will be
13 good for New York in the federal stimulus, based
14 on the current proposals that are in play. So,
15 for instance, Making Work Pay, EITC, and the Child
16 Tax Credit will benefit communities
17 disproportionately affected by the economic
18 downturn. But, the per-house increased assistance
19 provided by these tax credits is simply not
20 enough. Spending on infrastructure, of course, is
21 vital.

22 Although there are some reporting
23 requirements for contracts granted to minority-
24 owned businesses, there are no explicit
25 requirements for hiring minority workers or using

1
2 minority contractors. There must be increased
3 public pressure to make sure that construction
4 jobs, which disproportionately exclude people of
5 color, are consistent with high affirmative action
6 hiring goals.

7 Spending on state governments to
8 prevent cuts in education; increased federal
9 spending on Medicaid, New York City is one of the
10 handful of non-state governments that contributes
11 to Medicaid funding; increased federal spending on
12 health insurance for unemployed workers, through
13 the COBRA program and through a new Medicaid
14 health insurance program for unemployed workers;
15 spending on transit, spending on Head Start,
16 unemployment insurance modernization, and spending
17 on the Neighborhood Stabilization Program, CDBG
18 funds this program, these are all positive aspects
19 of the federal stimulus plan.

20 The proposed tax cuts are certainly
21 not what we at DMI would prioritize, but they will
22 benefit lower income New Yorkers because they are
23 generally targeted to lower income households.

24 To varying degrees the \$827 billion
25 Senate measure fails on all of these grounds. The

1
2 tax cuts for lower income households are scaled
3 back; wrong-headed tax breaks for new home and
4 auto purchases are included; an extension of the
5 AMT is included that will have little stimulative
6 effect, though, in the long run, it is necessary
7 to protect middle-income taxpayers; and the
8 extensions of health insurance are less generous.
9 Head Start is not funded as well in the House
10 version and funding for the Neighborhood
11 Stabilization Program is omitted. The State
12 version scales back the State Fiscal Stabilization
13 Fund back from 79 billion to 39 billion.

14 The impact of the House version on
15 New York City will be more beneficial than that of
16 the Senate. Without stimulus, New York City will
17 cut 14,000 education jobs, or at least, that's
18 what's being threatened; transit projects won't
19 get done, and the New York City Housing Authority
20 will sink deeper into debt. The Mayor and the New
21 York City Council cannot take this lying down.
22 You must summon the political will to ensure that
23 moderates and conservatives don't gut the stimulus
24 bill and shortchange cities and states.

25 One of the issues that is not

1
2 addressed through the stimulus, but will hopefully
3 be pushed through other federal legislation, is
4 the foreclosure crisis. New York City real estate
5 market is oftentimes mistakenly seen as being
6 immune to the virus of the plummeting housing
7 marketing. But, it's important to note that
8 20,000 foreclosures that we may see in New York
9 City in 2009 alone will be mostly affecting
10 neighborhoods of color, where there are relatively
11 high rates of homeownership. In other words,
12 while those living in condos and co-ops in
13 Manhattan are not as deeply affected by the
14 scourge of subprime lending, thousands of
15 families, both in the form of owners and tenants,
16 will be losing their homes in areas like Southeast
17 Queens, Central Brooklyn and the North Bronx, all
18 bastions of New York City's working and middle
19 class. And, the crisis has moved well beyond the
20 subprime market to the prime market.

21 The Center for New York City
22 Neighborhoods, which, as you know, is a crucial
23 partnership between nonprofits, foundations, banks
24 and HPD, is terribly overwhelmed by the scale of
25 the foreclosure problem. New York must direct

1
2 more funds to this network.

3 It will not be enough for the City
4 Council to hope that New York City and other
5 cities will fare well in the stimulus package.
6 There must be an all-out advocacy effort and
7 pressure applied to our federal regulators to make
8 sure that they understand the impact that their
9 decisions will have on the lives of Americans, the
10 vast majority of whom live in cities. The message
11 should be loud and clear. Support the current and
12 aspiring middle-class; champion spending over tax
13 cuts that will help put people to work; intervene
14 significantly to address the state fiscal crisis;
15 and stop dithering on the foreclosure crisis and
16 put together a comprehensive foreclosure
17 prevention strategy that includes a nationalized
18 mortgage modification plan, mortgage cramdowns,
19 and assistance to organizations that are doing
20 grassroots foreclosure prevention.

21 Thank you for your time and for
22 this opportunity to weigh in on what will be one
23 of the most important financial decisions ever
24 made in this country, at least in my lifetime. If
25 you have any other questions, please don't

hesitate to ask me or members of my staff. Thank you.

CHAIRPERSON WHITE: Councilwoman James.

COUNCIL MEMBER JAMES: This is question is to Miss Farber. Miss Farber, as the Director of External Affairs for the General Contractors Association, you've heard comments here this afternoon with regards to the challenges that communities of color have had in gaining access to unions. What is your Association prepared to do as you benefit from the largess of government?

FELICE FARBER: Well, I think a lot of those questions need to be take [pause]. A lot of those questions need to be addressed with the unions, as well. What we do is we support a lot of pre-apprenticeship programs that work in-- that look into reaching out to the communities and helping people get access to the unions, like Construction Skills 2000 or NEW, or some of the others. So, we're looking at it and providing financial help to those groups that do reach out for the pre-apprenticeship programs and then,

1 helping people be successful through the unions.

2
3 COUNCIL MEMBER JAMES: There has
4 been much criticism of pre-apprentice, apprentice
5 programs. The individuals get trained, but yet,
6 they don't get "on the books." And so, I believe
7 we have to start thinking more innovatively and
8 outside of the box and create programs which would
9 actually increase job opportunities and
10 opportunities for people of color, particularly on
11 these large-scale government projects, projects
12 which are mostly government projects [crosstalk]

13 FELICE FARBER: We'd be happy to
14 work with you on that. I think some unions are
15 more successful with that than others. And so,
16 that's an issue to be addressed.

17 COUNCIL MEMBER JAMES: And, I would
18 hope that you would join the City Council and the
19 State Legislature urging reform of Article 15A of
20 the Executive, the law, and particularly the law
21 which requires lowest responsible bidder to expand
22 the definition of lowest responsible bidder to
23 include WMBEs. Thank you.

24 CHAIRPERSON WHITE: Mr. Reiska.

25 MARVIN REISKIN: Yes.

1
2 CHAIRPERSON WHITE: That \$40
3 billion--

4 MARVIN REISKIN: I'm sorry?

5 CHAIRPERSON WHITE: That \$40
6 billion in the State and the local fiscal
7 stabilization between the Senate and the House, in
8 terms of impact, I understand the number of
9 educators. My daughter's an educator. But, in
10 terms of the impact to the children, how many
11 children are we talking about?

12 MARVIN REISKIN: Well, if you're
13 talking about the Mayor speaking about 14,000
14 layoffs--

15 CHAIRPERSON WHITE: Right.

16 MARVIN REISKIN: -- that's a
17 significant number of layoffs.

18 CHAIRPERSON WHITE: Exactly.

19 MARVIN REISKIN: The question is
20 the 40 billion would not come all to New York
21 City. It's a little difficult to tell yet how
22 much would be exactly put in to alleviating the
23 layoff of teachers. So, I will tell you that
24 certainly the travesty will be twice as great if
25 that Senate bill passes, as if the House version

1
2 passes. So, it is important for us to urge our
3 delegation, as well as every other member of the
4 Joint Committee between the House and the Senate,
5 to up that money to the stabilization fund of 79
6 billion so that New York City could receive a
7 considerable piece and avert many of the potential
8 layoffs.

9 I can tell you, in terms of if you
10 take 30 children for every, or 25 children, for
11 every teacher, and you eliminate 14,000 teachers,
12 you are going to increase class size by a
13 significant number. If we don't get the
14 construction money to alleviate overcrowding and
15 to be able to build more schools, we'll never be
16 able to reduce class size. So, without this,
17 class size is going to increase significantly.
18 And, without this package as the House put it
19 together, construction of new schools and repair
20 are going to diminish. And, it will be impossible
21 for us to keep up with any of the targets that we
22 have tried to.

23 CHAIRPERSON WHITE: And, when are
24 you going down to DC?

25 MARVIN REISKIN: Tomorrow morning

1
2 at 6:15. We have buses leaving from the three
3 boroughs, bringing daycare providers, parents,
4 teachers down for meetings that have been arranged
5 with each of our Congressional delegation from New
6 York State, not only from New York City. So, we
7 are bringing people who are flying in and taking
8 the train from throughout New York State.

9 Last week, Randi Weingarten
10 arranged a meeting in DC where almost every state
11 met with their Senate folks. We were able to meet
12 with Kirsten Gillibrand, along with the staff of
13 Senator Schumer, to urge them, while the
14 negotiations were still going on, to try to hold
15 the line. They're probably going to vote for this
16 package. And, our hope, then, is when the
17 Conference Committee comes together, everyone
18 understands the urgency of restoring that
19 stabilization money, that construction money.

20 The only thing that seemed to stay
21 in education were the PELL grants. Also, the
22 early childhood Head Start piece, that is ever so
23 important. And, our trip tomorrow will hopefully
24 have an impact not only on the New York State
25 people, but the other states that have to join in

1

2 in support.

3

4

CHAIRPERSON WHITE: So, you're going to be visiting the House?

5

6

7

MARVIN REISKIN: We're going to be visiting each member of the House in the afternoon.

8

9

CHAIRPERSON WHITE: What boroughs are you leaving from?

10

11

12

13

14

15

MARVIN REISKIN: We're leaving from the folks from Brooklyn and Manhattan are leaving from Lower Manhattan. We're leaving from our office in the Bronx and from Queens. The people from Staten Island are going to come meet us in Brooklyn.

16

17

18

19

CHAIRPERSON WHITE: Well, when you do that visit, I definitely will make a personal call to my Congressman, Congressman Meeks, and do pay him a visit and tell him I sent you.

20

21

22

23

MARVIN REISKIN: I am going to tell him. Matter of fact, I'm going to be there. We're meeting with him at 3:15. So, place that call before then.

24

CHAIRPERSON WHITE: I will do.

25

MARVIN REISKIN: Okay.

2 CHAIRPERSON WHITE: Okay. And, to
3 you, - - , in reference to the foreclosure, we're
4 working very hard in trying to deal with that
5 because, I mean, that's where you really reach the
6 everyday person, the hardworking person, the
7 person that's trying to really work and pay their
8 mortgage and all the problems that we've had with
9 them acquiring a mortgage. So, it's well taken.
10 And, I want to thank you for your testimony. I
11 want to thank all of you for your testimony.
12 Thank you very much.

13 FELICE FARBER: Thank you.

14 MARVIN REISKIN: Thank you.

15 CHAIRPERSON WHITE: Mijin Cha and
16 Mr. James Heyliger. Miss Cha.

17 MIJIN CHA: Good afternoon, Chair
18 and other Council Members. Thank you for inviting
19 me to speak this afternoon. My name is Mijin Cha
20 and I am the Director of Campaign Research at
21 Urban Agenda. Urban Agenda works closely with the
22 New York City Central Labor Council to bring the
23 labor movement closer to other social justice
24 movements.

25 Urban Agenda is also the convener

1
2 of the New York City Apollo Alliance, the local
3 affiliate of the national Apollo Alliance. The
4 Apollo Alliance is a coalition of labor,
5 environmental, social justice and business
6 organizations working together to promote policies
7 that bring us closer to energy independence,
8 create green-collar jobs, and make our environment
9 more sustainable.

10 With the recent economic troubles
11 and economic stimulus response, we realized that
12 there needed to be parameters and standards that
13 must be applied to any distribution of stimulus
14 funds to ensure that money and efforts were going
15 towards creating high quality jobs that would
16 strengthen our middle class.

17 While we must act quickly, we must
18 also act responsibly. Stimulus funds should go
19 more towards spending than tax cuts because
20 stimulus spending on public projects generates up
21 to \$1.30 in economic activity for every dollar
22 invested. In contrast, tax cuts have no
23 multiplier effect and they only generate up to as
24 little as \$0.30 per dollar invested.

25 With the guidance and input of our

1
2 Steering Committee, Urban Agenda and the New York
3 City Apollo Alliance put forth a set of criteria
4 that should be used when determining which
5 projects to fund with stimulus monies. Applying
6 the criteria will ensure that the projects going
7 forward create green-collar jobs, promote local
8 employment, and bring us closer to energy
9 efficiency, while also making our environment more
10 sustainable. We must ensure that the jobs we are
11 creating are not just green jobs, but they are
12 green-collar jobs that provide family sustaining
13 wages, benefits, and pathways out of poverty. We
14 must also promote our local manufacturing
15 businesses. Promoting local manufacturing will
16 bring more jobs and investment into our City.
17 Applying our criteria, also addresses the concerns
18 of Council Member James by providing a neutral
19 decision-making process that will ensure that the
20 projects that are funded are funded in a neutral
21 manner.

22 Our criteria include funding
23 projects that create employment for a wide
24 spectrum of workers, ranging from low-skilled
25 labor to highly-skilled labor. We must also

1
2 support local employment opportunities, because
3 outsourcing occurs not just when jobs are sent
4 overseas, but when labor is imported into an area
5 with an already existing trained and ready labor
6 pool. We also must fund projects that create jobs
7 that provide good wages, healthcare benefits, and
8 paid time off. We must promote employment in
9 environmentally sustainable areas, such as
10 building retrofits, which increase energy
11 efficiency, brownfield redevelopment and urban
12 forestry. And, finally, we must promote the
13 maintenance and retrofitting of existing
14 infrastructure, such as schools, mass transit,
15 roads, and bridges, rather than building new
16 systems.

17 Investing in our new green economy
18 creates more jobs than our current energy economy.
19 For instance, in energy efficiency, for every \$1
20 million invested in energy efficiency, 21.5 jobs
21 are created, compared to only 11.5 jobs that are
22 created for new natural gas generation. One
23 million dollars spent on energy efficiency
24 building retrofits generates about 10 person years
25 of employment in direct installation of efficiency

1
2 measures and another three to four person years in
3 the production of relevant materials.

4 NYSERDA's Energy Smart Programs
5 create 4,700 direct jobs per year on an annual
6 budget of \$234 million in 2007. New York State's
7 45 by 15 goal, announced in 2008, where 45% of the
8 state's power needs will be met through efficiency
9 and renewable energy by 2015, will create an
10 estimated 50,000 new jobs.

11 In renewable energy, renewable
12 energy creates four times as many jobs per
13 megawatt of installed capacity as natural gas and
14 40% more jobs per dollar invested than coal-fired
15 plants. A 2% increase in upfront building costs
16 to make a building more green results in life
17 cycle savings of 20% of total construction costs.

18 And, finally, nationwide,
19 weatherization supports 8,000 technical jobs in
20 low-income communities; 52 jobs for every \$1
21 million of Department of Energy investments.

22 There are several programs, as
23 you've heard today, that are, in fact, shovel-
24 ready and would also meet our criteria. For
25 instance, the greening of NYCHA housing stock.

1
2 NYCHA has one of the largest housing stocks in the
3 country. And, they've made a commitment to green
4 their building stock. However, they are
5 perpetually underfunded and their efforts to green
6 their housing stock continually face a lack of
7 funds. Ensuring NYCHA is fully-funded would save
8 a substantial amount of energy use, reduce energy
9 costs for people who are in need of relief, and
10 provide and promote green good collar jobs. NYCHA
11 pays prevailing wages and also employs residents
12 that live in NYCHA housing.

13 And, finally, hand in hand with job
14 creation, we must promote job training programs
15 that will ensure that we have a trained workforce
16 to fill the number of new jobs that will be
17 created. There's a long list of current job
18 training programs that we'd be happy to provide
19 that could also be funded and expanded to reach
20 more workers.

21 While there is uncertainty about
22 the economic future, there's also an incredible
23 opportunity to rebuild our economy in a way that
24 is more just, green and sustainable. Promoting
25 programs that create green collar jobs that

1
2 provide family sustaining wages, benefits, and
3 pathways out of poverty will rebuild our economy
4 and our middle class in a much stronger way.

5 Thank you for the opportunity to speak with you
6 today.

7 CHAIRPERSON WHITE: Mr. Heyliger.

8 JAMES HEYLIGER: Thank you. On
9 behalf of Minority Business Leadership Council,
10 I'd like to thank the City Council for this
11 opportunity. Today, I'm speaking on behalf of the
12 Minority Business Leadership Council, which is a
13 diverse group of minority trade, women-owned trade
14 association. Sixteen members, ranging on all
15 ethnicity diversity. We have over 4,000 members
16 and we are advocates on a regional level. And, we
17 deal with the public and private sector through
18 legislation, policy and programmatic initiatives.

19 The MBLC, and I might add that it's
20 Co-Chaired by myself, President of AMENY and Roy
21 Hastick, President of CACC. The MBLC is concerned
22 that the federal stimulus package funds for
23 shovel-ready projects for New York State and New
24 York City agency recipients may not include any
25 construction supply and professional services

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2 contracting goals for minority and women
3 businesses. Based on experience and information
4 established in disparity studies, for years the
5 absence of specific requirements for inclusion
6 results in little, if any, actual participation by
7 our respective communities and resulting business
8 activity.

9 Below, you'll find four areas of
10 concern that MBLC and our recommendations.
11 Problem one, most State and City agencies and
12 authorities who are recipients of federal funds
13 are required to only place goals to certified
14 disadvantaged businesses enterprises. DBEs affirm
15 that its own net worth of no more than 750,000,
16 excluding their personal residence. DBEs are
17 inherently smaller than any minority, women-owned
18 business firms. In addition, New York State and
19 New York City agencies and authorities already are
20 required to place DBE goals on most, if not all,
21 of their existing projects and contracts would
22 receive federal dollars.

23 Moreover, these federal dollars
24 have already been set aside for the existing
25 construction projects already on budget.

1
2 Currently, many agencies do not place MWBE goals
3 on federally funded projects because they
4 interpret regulations as require them set the
5 goals of DB firms only. This is a fallacy that
6 only New York City seems to be adhering to. No
7 federal guideline can supersede the minimum
8 requirements of a State guidelines. Therefore,
9 when the DOT and MTA suggest that you have to be
10 DBE, as opposed to MWBEs, they're going against
11 what our Council say is correct. So, therefore,
12 all of this money coming from the State level
13 should come under the heading of Article 15A,
14 which we need to deal with also.

15 The list of agencies and
16 authorities which are subject to federal DBE
17 requirements includes, but not limited to, New
18 York State transportation, Department of
19 Transportation. At present, there are nearly
20 1,000 certified DB firms in the State of New York.
21 And, only approximately 350 of these DBEs are
22 involved in heavy construction. Given the dearth
23 of use of only certified DBEs, contracting agency
24 authority are more likely to approve large number
25 of waivers for prime contracts and to

1
2 significantly reduce the DBE goals on certain
3 projects.

4 On the other hand, the State of New
5 York currently has more than 5,000 certified WBEs.
6 Further since the purpose of federal stimulus
7 package is to get people back to work, the absence
8 of minority women-owned business goals are more
9 heavily impacted by current economic conditions,
10 will not derive the benefits which the stimulus
11 package is intended to produce.

12 Recommendation one, Article 15A of
13 New York State Executive requires that all State
14 contracts should include goals of MWB
15 participation. It does not limit this requirement
16 based on the source of funds for these contracts.
17 And, therefore, New York City agencies and
18 authorities should also be required to include
19 goals for New York State certified minority women-
20 owned business and to assure their participation
21 on projects and contract that are funded through
22 federal stimulus package.

23 Problem two, due to the economy and
24 budget, most State and City agencies and
25 authorities have reduced their staff and/or have

1
2 instituted hiring freezes. As a result, agencies,
3 authorities contract compliance departments, which
4 are responsible for administering DBE, MWBE
5 programs, are already struggling with existing
6 staff to properly administer these programs. In
7 many cases, agencies and authorities have massive
8 backlogs of firms seeking DBE certification. We
9 would like to also add that certification does not
10 lead to contracts. We have tried to stay
11 historically to the Department of Small Business
12 Services that procurement activities should have
13 been our focus as opposed to simply certification.
14 It went unheeded.

15 Members of the MBLC would like to
16 include that any group, State government or agency
17 commit a taskforce, oversight boards and agencies.
18 You can look at this on the paper. What I'd like
19 to say here is we're not included. Transparency
20 doesn't do us any good if we're not included in
21 the implementation of programmatic programs. You
22 raise the issue about what plans that the Mayor's
23 office have. We should be included in those
24 plans. We're tired of people planning for us,
25 then turn around the program doesn't work 'cause

1
2 we were never at the table to design the plan in
3 the first place.

4 The Hispanic, the National Hispanic
5 Chamber of Commerce and some of the trade
6 associations met with Congressman Waters and with
7 the new Senator. And, they - - through the
8 Secretary of Treasure a Department of MWBE to
9 oversee the - - . We need that in the stimulus
10 package. We need to be part of the implementation
11 of the stimulus package. When they tell you that
12 they don't have projects, the Mayor say he don't
13 have project, that's not so. It's not so. They
14 have projects set to go. None of them are in our
15 communities.

16 We had to go through a major trade,
17 not trade, a rezoning program in Southeast Queens,
18 with massive flooding because of our poor
19 infrastructure. We were promised infrastructure
20 support if we approved the rezoning, 368 blocks.
21 The largest rezoning in the history of this City.
22 Yet, we're not listed in any of those think about
23 projects that he said that they have, although
24 they didn't submit them. We're not in that
25 package. So, we're not in that package no matter

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2 what you fund, it doesn't affect us.

3 Let me give you an example of why I
4 think we should be included. On problem three,
5 without requirements for the inclusion, minority
6 women-owned businesses and minority women in
7 residence of the community, these projects are
8 built will not participate. The air train and the
9 Jamaica station project on the Port Authority are
10 prime examples of what is possible and can be done
11 to ensure both MWB and minority women workforce
12 goals are achieved or are exceeded. This project
13 has been often cited by Governor Paterson and
14 Majority Leader Michael Smith, as shining examples
15 of how the Port Authority of New York/New Jersey,
16 along with prime contractors hired MWBE
17 consultants and MWB trade associates and
18 incorporated a community oversight committee to
19 monitor these projects and to increase business
20 and job opportunities for residents and
21 predominantly minority populated, such as Jamaica,
22 Queens.

23 As a result, the Port Authority's
24 prime contractors use of MBLC members and
25 organizations and business contracts, the

1
2 following results were achieved. The Jamaica
3 station project exceeded the MWB 17% goal by two
4 percentage point, 19. Approximately 35 local
5 residents, who would likely not have been
6 employed, had its most been effective.

7 In addition, over 13 million in
8 contracts were extended in the minority community
9 of Jamaica and over 80 million was spent with
10 Queens-based firms. There's no way in heck, we
11 could have got that kind of impact, dollar-wise,
12 if we were not part of who got a contract, how it
13 was bid and how it was monitored. They always say
14 they can't find us. Okay.

15 Number four, the trouble asset for
16 TARP was to buy up distressed assets. It is well
17 document and acknowledged that the housing crisis
18 is at the heart of the economic downturn, even
19 though you want to give money to the very people
20 who stole the money in the first place and put us
21 in this position, you now want to give them money
22 to certainly bring up the banks. However, because
23 of predatory lending by banks and financial
24 institutions, redlining rapid gentrification,
25 fraudulent loans, etcetera, this is not to say

1
2 what communities have suffered. The crisis,
3 however, has been most disadvantage to practice,
4 as mentioned.

5 Recommendation, since most minority
6 businesses are located in minority communities,
7 I'm trying to think outside the box, and largely
8 employ minorities in areas where their business
9 resides, the Federal government, along with the
10 State of New York and it's cities, counties and
11 municipalities, should reduce the size of TARP
12 foreclosures, asset packages to allow minority and
13 women-owned businesses to purchase some of these
14 assets in their communities. Institutions
15 receiving stimulus or TARP funds should also
16 target loan packages of MWBE firms to assist them
17 in financing these acquisitions and other state
18 creating community and development projects.
19 Since the TARP assets will also require real
20 estate firms and/or new owners to market these
21 assets for sale or rent, these properties will
22 require some renovation, clean-up, removal of
23 debris, etcetera. Therefore, the creation of
24 smaller bid packages for the purchase of minority
25 businesses will enable these firms to create

1
2 business and job opportunities in their
3 communities.

4 Further, this recommendation also
5 helps to create job that they also sorely needed.
6 By having minority businesses in minority
7 communities purchase some of the TARP assets,
8 local shareholders can help keep a watchful eye on
9 what is going on in the communities, where they
10 are vested, will ensure their communities recover
11 sooner. Moreover, it is generally believed that
12 local residents are most likely to better look out
13 for communities in which they reside than absentee
14 owners. This may be even more true now than given
15 the devastation that's in our communities.

16 I don't know if the Mayor has ever
17 heard of Carver Bank. I do know that we do have
18 the possibility of creating a commercial bank in -
19 - communities. This is a ideal way to initiate
20 that as a way of getting started.

21 We do not want to have the
22 definition of shovel-ready, means to shovel out
23 minority businesses because if you talk to us and
24 put us in part of the implementation, we have more
25 than a sufficient amount of contractors and

1
2 developers, CMs and professional services to
3 participate in this program.

4 You know, the Mayor said that 9/11
5 was an emergency. He waived all minority
6 participation. May have done us a favor 'cause
7 since we couldn't get no jobs down there, our
8 people didn't get sick. But, the bottom line is
9 you spent \$600 million and African-American,
10 Hispanics got zero. You got zero. If you do not
11 also bring us to the table with the unions, we're
12 going to be left out again. We had a major
13 meeting at Queens Educational - - SUNY Center last
14 Wednesday. Seventeen unions came and talked about
15 they were prepared to work with the minority
16 community. What do they offered us?
17 Apprenticeship programs starting in April and
18 March. We got grown men looking to work today for
19 their families. We got people working on the
20 streets, who can't speak English. We got
21 mechanical, waiving - - , we can't even get that
22 job no more.

23 We need to be involved in the
24 implementation of the stimulus pack. In the
25 absence of our involvement, with us helping you

1
2 design the package, transparency, all it does is
3 say well, we told you what you were getting even
4 though you weren't getting it. But, you can see
5 what you didn't get. We don't want to see what we
6 didn't get. We want to be part of who gets.

7 And, I'm simply asking that the
8 City Council bring the Mayor's office in, that's
9 call, what's it, the City Contract Compliance. We
10 want to be part of how the stimulus package
11 designed for dissemination. We want to be part of
12 the monitoring of it. Assemblywoman Michelle
13 Titus has a piece of legislation, she's from
14 Queens, that pass the Assembly; has not gone
15 before the Senate yet. Her legislation requires
16 that all monies spent on contracts go through a
17 monitoring mechanism by trade associations all
18 around the state as a advocacy role that we could
19 determine what the agencies are doing and how they
20 are spending their money. In the absence of that
21 kind of participation, all we are is looker ons.

22 And, if you don't bring the unions
23 to the table so that we can discuss with them
24 about changing their modus operandi, we will not
25 be able to get into the unions and our union - -

1
2 who try to go union, three out of every five go
3 out of business. Then, we need to move to make
4 this a right to work state, 'cause there's only 20
5 states in the Union that are like New York. The
6 rest of the country is right to work. Unions and
7 non, you work side by side. And, we're not
8 against unions. We like the benefits. We also
9 believe everybody should be paid a, you know, the
10 regular wage they're supposed to get. We're not
11 talking about money under the table. We're simply
12 talking about having a chance to support our fams
13 and rebuild our own community.

14 Give us some of this money. Give
15 us a commercial bank. Put the bank in Carver. We
16 have the money in Carver. We developed a program
17 the Comptroller McCall, NSBA. We put money into
18 Carver. The New York College Small Business
19 Development Center - - we, in one year, got \$18
20 million out by coming up with the design program
21 dealing with funding through SBA and Carver Bank
22 and some of the local banks. When Chase and
23 Citibank found out that bank - - were beating them
24 in loans, they then turned over and started making
25 us loans. It's how we participate. We become the

1
2 transparency that's needed to save our
3 communities. I thank you.

4 CHAIRPERSON WHITE: Any questions?
5 Any questions? Okay. Okay.

6 COUNCIL MEMBER JAMES: Just, you
7 know, the recommendation on sitting down with the
8 unions is something that we have discussed since
9 I've been here. And, we've yet to have that
10 meeting.

11 CHAIRPERSON WHITE: We'll take that
12 under consideration. I--

13 COUNCIL MEMBER JAMES:
14 [Interposing] It was a suggestion that was posed
15 to the Caucus, to this Chair. I, as Chair of
16 Contracts, am prepared to join with anyone who
17 wants to do it. I think it's time since this
18 stimulus money is coming down the line.

19 CHAIRPERSON WHITE: I understand
20 that. And, in addition, I'm not quite sure that
21 the Carver Bank is a savings bank. It's not a
22 commercial bank. And, I've been the advocate for
23 having a commercial bank because a commercial bank
24 can loan \$3 for every dollar it takes in. A
25 savings bank can only loan dollar for dollar.

1
2 JAMES HEYLIGER: We understand
3 that. But, there was a special grant in order for
4 them to do that, 'cause normally you're saying
5 they're not a commercial bank. But, we could use
6 one.

7 CHAIRPERSON WHITE: Yeah. But, I
8 would like to see a commercial bank.

9 JAMES HEYLIGER: I'll go along with
10 that.

11 CHAIRPERSON WHITE: All right.

12 JAMES HEYLIGER: I'll go along with
13 that.

14 CHAIRPERSON WHITE: Okay. Thank
15 you very much--

16 JAMES HEYLIGER: Thank you.

17 CHAIRPERSON WHITE: -- for your
18 testimony. And, we'll take all that you have said
19 under advisement and future action. Okay. All
20 right. Meeting is adjourned.

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C E R T I F I C A T E

I, DeeDee E. Tataseo 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.

Signature

A handwritten signature in cursive script that reads "DeeDee E. Tataseo". The signature is written in black ink and is positioned above a horizontal line.

Date

February 17, 2009