



Managing NYC's Fiscal Crisis

A CBC Mayoral Candidate Forum

Zoom Webinar Transcript

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Andrew Rein:

Welcome to CBC's Mayoral Candidate Forum: Managing NYC's Fiscal Crisis. I'm Andrew Rein, President of the Citizens Budget Commission. CBC focuses on improving the finances, services, and policies of New York State and New York City governments. We're an independent, non-partisan, nonprofit, watchdog and think tank that focuses not just on today, but on the long-run—on future New Yorkers, to ensure New York is a good place to live, raise family, to reach everyone's full potential, and to grow, start and run a business. We also would like to thank our 150 Trustees, who not only support us but also guide research.

We are holding this forum today because NYC is at a critical juncture. This is a time of great pain and uncertainty – both economically and fiscally. The budgetary, fiscal and management choices our next Mayor makes will matter. They will drive what New York's comeback looks like and how long will it take. This isn't just about balancing some abstract numbers on a spreadsheet. These choices will largely determine whether our schools be worthy of our kids. Will our streets be safe? How well our trash is picked up and snow removed? How well we take care of New Yorkers most in need? Whether our government treats residents and businesses like the customers they are? And, will our taxes be competitive enough so that us New Yorkers and businesses feel it is worth the cost of living in New York. Ultimately: will New York continue to be this compelling, creative, dynamic and vibrant place that keeps people here and attracts newcomers?

Recovering from this recession will require strong fiscal management to close budget gaps that exceed \$5 billion a year, and just yesterday the City and State Comptrollers cited risks that means that number might be understated by \$1 to \$3 billion a year. If the next mayor manages the budget and operations well, New York will be dynamic and flourish. But if they do not, the City will stagnate, which would be the antithesis of what has made this city great for centuries. So, whatever your perspective on fiscal, economic and social policies, how the next mayor manages the budget will be a major driver of whether they will be able to deliver on the promises they are making during this campaign.

So we thank you for attending, and we hope you learn something today that informs your choices on the ballot. We also really thank all the Candidates who are participating today, because we know they're doing a lot of these forums. Unfortunately we could not have every candidate who expressed interest in the race—there are over three dozen—so we limited our invitations based on data available Jan 22, based on candidates who had polled 3% or more, or had raised at least \$500,000 to that date.

The order of appearance tonight was selected at random, and if you know anything about CBC you know



we're about efficiency, so tonight each candidate will receive 10 minutes, divided into three segments: a four minute overview of their approach and specific plans to balance the budget; four minutes during which I will ask follow up questions on these plans, and a 2 minute lightening round. We will keep to time, so you will hear a beep when we need to wrap up each segment. And please feel free to tweet using the hashtag #fixthefisc. So please stay turned, we will be back momentarily with our first candidate Maya Wiley.

Candidate Maya Wiley

Andrew Rein:

Hi, welcome. Thanks for being here, Maya.

Maya Wiley:

Thank you for having me, Andrew. I'm excited to be here.

Andrew Rein:

It's going to be a lot of fun. Please allow me just to refresher on our process. We're going to spend 10 minutes together to delve into how you plan to manage the budget. We'll start with, I'll ask a question, you'll have four minutes to talk about your general approach and specific plans. And then I'll ask some follow up questions for another four minutes and then there'll be a two minute lightning round. We're going to try to keep the time. So you and I have here beeps around 30 seconds before each segment supposed to end so we can do our best to keep to time. Sound good?

Maya Wiley:

Sounds great.

Andrew Rein:

Okay. Let's jump in. New York City faces significant fiscal challenges. Additional federal aid is going to help in the short-term, but will not solve the long-term budget gap. The city's preliminary budget is \$1 billion short. Next year, a New York city basis recurring budget gaps exceeding \$5 billion in the next three years. And the city and State controllers came out just yesterday saying those might be understated by one to \$3 billion. So please share with us, how do you plan to manage the spending, identify savings and work with labor and address taxes. And please specify three actions you would take to close the recurring \$5 billion budget gaps and what's the single most important thing to stabilizing the city's finances.

Maya Wiley:

Well, thank you. I just want to start by saying that I have based my plan and my program on what we have learned in history. Which is that when we are in economic crisis, we have to find a way to invest in our people, put dollars in our pockets and make sure that we are stimulating the economy. And I've



been very attentive as a candidate, both to the fact that we are in a deep hole and this is a historic crisis like none other. And we have to confront that, be honest about that and understand that we're even looking at losing even potentially a third of our small businesses, which is literally over 50% of our jobs, not to mention how we decimated tourism nightlife, hospitality, we could go on and on. I know you and the audience already know this problem, but I take it very seriously, which means every single thing that I'm about to say Andrew, has been looked at from the perspective of not just what the city can do both with regard to Albany and Washington, but also without regard to what we can do as a city that's stimulated.

So I'm going to start with what's stimulative. And I've stressed, tested this not just within my own team, but with experts and economists, including those outside of New York City. Because I believe in being responsible and stress testing. So the first is stimulate. Stimulate, stimulate. This is what we learned in the Obama administration after the great recession as well. But what we're going to do is spend \$10 billion in capital construction. We spend roughly \$8 billion a year as is. So we're going to add another two billion, but we're going to focus that spend it's going to create a hundred thousand new jobs. That's 30,000 direct and 70,000 indirect. A lot of the jobs we know are going to be good jobs, well paying jobs, jobs with benefits. But what that's also going to enable us to do, is do some local targeted hiring. Because as we know, we have some communities that have significantly higher unemployment rates than others and parts of the economy that have been decimated.

We're going to look at how it helps artists and creatives as well, because that's an important part of economy, but it's also going to help us solve local problems for the long-term. For example, we've got two billion of that, \$10 billion earmarked for renovation and rehabilitation of NYCHA. That's critically important in terms of affordable housing, as well as our humanitarian needs, but let's go to another category. That's one. And caring economy, we're also going to create community care centers, \$5,000 in grants to families that are hundred thousand lowest income families that puts money in their pockets to care for families, but also helps them put money and spend money back in the economy. The second bucket, which is critically important is we've got to recognize, yes, we have to be more efficient, more effective, and also cut some costs in government. So that's a bucket that's extremely important.

But let me just give you a couple of examples. First of all, I would have PEGs. I would have PEGs. I will have each agency come to me, giving me a percentage of cuts. Let's say it's 3%. This is a bit of a moving target over the course of the next year for the next mayor. But I'm going to say 3% for now, but I'm also going to stress test what I'm seeing and being presented in the way of cuts, because we can't be cutting garbage collection. That's a critical part of economic recovery of instilling confidence of having tourism return projecting that this is a city coming back, but we also want to make sure we're not avoiding and taking paths of least resistance and cuts that aren't actually smart cuts. Because we do want to be effective in our profession.

Andrew Rein:

So let me delve into some of the things you said. So you come in January 1st and you have three weeks to deliver a budget to close a \$5 billion gap. How quickly do you really think that those stimulative effects can happen? Because you have six months until that year happens. And you're talking about 8% tax increase to, 8% revenue increase in the first year that's obviously not realistic. So how quickly does this stimulus effect have impact on revenues?



Maya Wiley:

So let's back up to one point because this is important question you're asking. I mean, the first is that the third bucket that's important is working on revenue and there are lots of different ways the city does it that's more direct. And I would support revenue from Albany, and from Washington. It's a moving target, there's a lot that's going to happen in the course, just even of the next year that we're going to have to take into account, but this is why the PEGs matter. This is why looking at efficiency and effectiveness of government matters. Let's just take one example that's very concrete. We know that we're leaving probably 500 million to a billion dollars on the table right now, because we have... In Medicaid reimbursements because we have nursing both in DOHMH or Department of Health and in DOE and as a result of some of the back office inefficiencies there, we're not getting all the money we should be getting and that we're entitled to.

That's the kind of way I'm going to look at both efficiency and effectiveness. It's also the way I'm going to look at how we're making sure that when we are doing budget cuts, we're cutting fat and not bone. And I'm going to take for some of that stimulative investment, I'm going to take some of that from some of where we have fat in agencies, including the NYPD.

Andrew Rein:

So can we talk a little about working with labor to create savings. Is this one of your priorities to work with labor? Do you think there's another way to do it and how would you do it?

Maya Wiley:

I think it's critically important to partner with labor to do it. And let me give you one concrete example that I'm working on with experts right now: healthcare costs. I mean, this is a huge part of what we have to confront when we're talking about budget gaps and the city has an incredible bargaining power because we have 1.25 million people that we're paying for insurance for. We also have examples of where private unions have been quite effective at controlling costs. We've got to get smarter, we've got to partner. That also means we can do some collaborative work on negotiating to bring costs down.

I would approach it very much as a manager in the same way that we have health funds approaching this looking month to month at costs, looking where and how some city services we're paying more for at one hospital than we are at another hospital for the exact same services. Being transparent about that cost and also using collective bargaining bring down prescription drug prices. Because as we know, prescription drugs it's dollars and doctors and it's hospitalization. We can be much more effective and efficient in partnerships.

Andrew Rein:

So last quick question on taxes, you support the Invest in Our New York Act and other tax increases. And I'll read you the list, which is the high earner income tax, the capital gains tax, wealth tax, heirs tax, pied-a-terre tax, vacancy tax, mansion tax... which would you raise and how much in aggregate are you talking about raising taxes?



Maya Wiley:

So I do support the Invest in New York act. And let me just say quickly that what we know, and again, there's going to be a moving target over the course of the next year. So we have to recognize that and it'll adjust depending on what we're seeing, even in the course of the next few months, because we're going to see a lot more from Washington and they're going to be a lot more negotiations in the state house. But one thing I will say and let's just look at New Jersey right now where we already see wealth paying a higher marginal tax rate and the governor's just reporting a balanced budget in the news today. That is good news and that is something we should take very seriously that shows the road for New York.

Andrew Rein:

Yes, they did increase their personal income taxes to 12%. Of course our current marginal tax rate combined state and city is 12.696%. So I'm assuming if we raise it you would raise it higher than that.

Maya Wiley:

Yes. And I would say that you know, we also have to fight with the federal government to get back the tax deductions that we used to have that Donald Trump took away. That's extremely important to the state and to the city. But look, one of the things I've done is had a lot of conversations with a lot of wealthy New Yorkers. And the one thing I consistently hear is that Maya, if you share with us a plan for what our money will do, and we know that improves our schools, that it's going to help with public transit, we're willing to pay more, but we want to see managerial leadership, we want to see partnership, and I think that's fair. I think that's a reasonable request and I will do it.

Andrew Rein:

Okay. Let's shoot to a lightning round if we can. So could you share three words with our audience on why they should elect you to raise and manage their \$95 billion, three words?

Maya Wiley:

I have experience.

Andrew Rein:

Okay. You'd already said that you'd set targets on a regular basis for agencies to propose PEGs. Would you support a legal requirement that the city deposit money into a rainy day fund each year when the economy is growing?

Maya Wiley:

I'm all for that rainy day fund.



Andrew Rein:

The city now has 20,000 more employees than it did at the beginning of the current administration. Although it's down 10,000 from its peak, from here do you think the city should increase or decrease head count?

Maya Wiley:

I think we should focus on what we need to deliver for New Yorkers and how we deliver it effectively. I've already talked about head count cuts at NYPD. That's going to help resource some of the investments that will help us bring our economy back. We're going to look at it and work with it and that's the way I'm going to approach it.

Andrew Rein:

The budget includes no future raises for city workers. Would you grant raises even though there currently are gaps or would you wait until you found a way to pay for them?

Maya Wiley:

Look. This is a partnership with labor and going through the PEG process and budget process with our partners and with city government and I will do that and I will take a serious look at what we need to do to make sure that we are economically sound, fiscally responsible and that we're making sure we're taking care of our folks. And so that includes jobs of pay, but that's going to be a conversation and a negotiation.

Andrew Rein:

Please. For our last, please choose a topic. New York city music, food or sports.

Maya Wiley:

Oh, this is a hard one, but I can't help it, I pick food.

Andrew Rein:

You're going to pick food. Your favorite New York City food is pizza, dumplings, patties, tostones, mofongo or street meat.

Maya Wiley:

Oh my God. That's hard. Because I like them all, but I'm going to go with mofongo because I love me some mofongo.

Andrew Rein:

Okay. Good. Well, thank you very much. This has been a pleasure. Really appreciate you coming here today.



Maya Wiley:

Thank you for having me. It was a joy. I really enjoyed it.

Andrew Rein:

Take care and please stay tuned for our next candidate. Kathryn Garcia.

Candidate Kathryn Garcia

Andrew Rein:

Kathryn, welcome. It's good to see you. How are you doing today?

Kathryn Garcia:

I'm good. How are you doing, Andrew?

Andrew Rein:

Good. Thanks for joining us. Let me just do a little refresher on the process and then jump in if that's okay. We're going to have 10 minutes to delve into your plans to manage the budget. We'll start with a question on managing the budget. You'll have up to four minutes to respond. Then I'll follow up with questions for another four minutes. We'll have a conversation and then we'll have a two minute lightning round. We're going to keep the time, so you'll hear a beep around 30 seconds before each segment ends. Sound good?

Kathryn Garcia:

Sounds good.

Andrew Rein:

Okay. Fantastic. New York City faces significant fiscal challenges. Additional federal aid it's going to help in the short term, but will not solve the long-term structural gap. The city's preliminary budget is \$1 billion short next year and New York City faces recurring budget gaps exceeding \$5 billion in each of the next three years. And the City and State Comptrollers just yesterday came out and said there are risks that mean that might be one to \$3 billion higher. So how do you plan to manage spending and identify savings and work with labor and address taxes? Please specify three actions you would take to close a recurring budget gaps and the one area most important to stabilizing the City's finances over the long-term.

Kathryn Garcia:

Now, we have to refinance all of our debt. When we're talking about being in a low interest rate environment, we have to sit down with labor and get savings from labor and we need to reduce some of



the redundancies that you see in city government and inefficiencies. To name two, we have about three mayor's offices that do things related to IT. And we have a department. That doesn't make any sense. And then with education, we know that there's been an enormous amount probably on the tune of \$50 million in just overhead at central office that can be reduced.

Andrew Rein:

So could you then... Let's try to look at this. You walk in your first day and your budget director comes and says you have \$5 billion. Can you try to identify the components of that \$5 billion for us?

Kathryn Garcia:

I believe that we can get several hundred million from... Well, hopefully we're getting some from the feds. I'm just going to start with hopefully this is not as bad as that and that we all are looking better. But we're going to have to do a big piece of it, will be debt savings. And then a big piece of it will be that certain agencies are going to have to reduce their budgets. When I was at DEP, I reduced the operating budget by 10% without a layoff. By looking at things that are in our control, like procurement. How we manage our operations, how we ensure that we are repairing things that need to be repaired in a timely fashion that actually saved money, real dollars.

Andrew Rein:

And do you have a general sense of what the inefficiency across the board would be? What your sense is that 10% that you cited do you think that's Citywide or what do you think's the inefficiency that could be wrung out of the system and how would you do that?

Kathryn Garcia:

I think that we're probably closer to a 5%, but I do believe that there are certain agencies that could get much thinner. Just even when I was running food, the amount that I ended up paying for food for seniors was significantly less than what the Department for the Aging had been paying for the same nutritional quality. So there are clearly ways where some folks are just better at that piece of the administration than others.

Andrew Rein:

And now you've talked about a number of new programs and I'm curious, you've talked about free childcare for kids one to three for families earning less than \$70,000, mandatory organic pickup, also affordable housing and supportive housing units, which have operating costs. What are your top priorities on these since no mayor gets to do everything, what are the top priorities and how much does each of them cost and how does this fit into the fiscal picture?

Kathryn Garcia:

Well, we know that we have to do the thing we didn't do in the '70s. Which is keep the city safe and clean. And we learned during the pandemic that Parks was a huge part of that. And so we know that there was a hundred million dollar cut from DSNY's budget. There was an \$84 million cut from the Park's



budget. I would restore those ensuring that we are meeting our core service needs, but how do you pay for it? Which is always the question, but we can continue to reduce spending in other areas to ensure that we meet that.

Andrew Rein:

And so let's talk about working with labor. Whether it be at sanitation or at NYCHA, you worked with a labor for a long time in your career. How important is it to the budgetary savings and the efficiencies to work with labor? And what has your experience taught you? Because quite frankly, it's been a long time since we've done productivity bargaining much in this city. I mean, sanitation, the roots are still constrained by collective bargaining agreements. We know that at NYCHA, we are constrained by having work shifts that don't match when people can actually get into apartments. Yet we paid to change those work shifts and it was kind of a disaster. So what experience do you bring in, and how would you make this better?

Kathryn Garcia:

You have to work with labor because they are the ones who actually end up doing the job. And so when you are collaborative, you can find savings, which has historically been done obviously at the Department of Sanitation. I think Harvard Business School has a case study on it, but you also know that you have to do it right. You can't make a deal that isn't going to result in real savings. And you can't pay people out for savings that don't occur, which is more or less what happened at NYCHA. They didn't plan it well and so it didn't end up working.

Kathryn Garcia:

They didn't have enough supervision to make it actually function. But, one of the other things is, and I'm sure we'll get into this, when you reduce head count, sometimes that can be penny-wise, and pound-foolish because particularly for portions of the budget that are posted positions, meaning you're going to send a truck out regardless. You're either going to send them on regular time or you're going to send them out on overtime and overtime is gonna cost you twice as much. So hiring new people would actually have made more sense.

Andrew Rein:

So you mentioned federal aid before, there's good optimism for a decent amount of federal aid. First of all, do you expect that the current administration would spend \$5 billion of aid before the next administration starts? Or do you think there'll be some left?

Kathryn Garcia:

Oh, I think that there will be some left. We need to ensure that we are being efficient as we move forward. There will be costs. We know that children need to go back to school in September. There will be needs there. We know that there's still an ongoing health care crisis in the city, but I do believe that we inherently need to be more efficient in how we deliver services. And I assume you as well as I will be pressuring this administration to make sure that they don't light the cash on fire.



Andrew Rein:

So you have \$5 billion maybe comes from the feds. What is your guideline? What's the smart use of federal relief of \$5 billion.

Kathryn Garcia:

The smart use is how do we use that to incentivize our economy going forward. We need to grow. That is part of what gets us out of this, which just means strategic investments and working with the private sector to provide low interest loans to our restaurants and to our small businesses. We need them back, they are huge generator of employment, but we also need to be looking to the long-term around what infrastructure do we need. We should be building things during this time because it will be cheaper. Last time, we had a downturn during the Great Recession. The engineering cost estimate versus the bid, the bid was 50% lower. This is the time where you need to make those strategic investments, particularly in climate infrastructure as well as obviously our water and sewer infrastructure, and our roads and bridges.

Andrew Rein:

In your housing affordability plan, you talked about taking over In Rem properties and using that as part... Now, New York City has a history of challenges with taking over In Rem properties and deterioration and managing them. As you know from your NYCHA experience, managing scatter site properties, it's very challenging. What makes you think if we do it again, that it will turn out differently?

Kathryn Garcia:

So I'm not really sure that I would take over In Rem. I said that we would look at conversions of hotels.

Andrew Rein:

Okay. I'm sorry then.

Kathryn Garcia:

It's okay. Because I actually don't think we're great at In Rem housing. And I think that that has worked well when we have used the tax lien sale process and ended up putting it in the hands of either nonprofit or for profit developers. But I've said that we need to create 50,000 units of low-income housing and 10,000 units of supportive housing. Affordability is a key thing that is constraining us at this moment on bringing young people into our economy and making it so that we're a vibrant place to live.

Andrew Rein:

So let's turn to our lightning round if we can. So you would set regular targets on a regular basis for PEG program. How big would those targets be?



Kathryn Garcia:

I'm talking literally between three and 5%.

Andrew Rein:

Would you support a legal requirement that the city deposit money into a rainy day fund each year when the economy is growing?

Kathryn Garcia:

Oh, of course.

Andrew Rein:

We have 20,000 more employees than we did at the beginning of the administration, but we're down 10,000 employees. Should we have more or less head count than where we are now?

Kathryn Garcia:

It depends on what we are trying to achieve. There are places where I think we need to actually grow the head counts. I think it'd be cheaper, but they're also places where I know there are efficiencies and redundancies that we could reduce.

Andrew Rein:

The budget includes no future raises for city workers. Would you grant raises even though there currently are budget gaps or wait until you have found a way to pay for them?

Kathryn Garcia:

You need to be able to pay for them, but you also need to work with labor. And if they can come up with ways to do productivity savings to pay for them, I'd be very open to that.

Andrew Rein:

So you support raises funded with productivity. For our last question, please choose the topic of New York City music, food or sports.

Kathryn Garcia:

I'm going to go food.

Andrew Rein:

You're going to go food. Your favorite New York city food, pizza, dumplings, patties, tostones, mofongo or street meat.



Kathryn Garcia:

Oh, that's pizza.

Andrew Rein:

Okay. Well thank you very much. I appreciate it very much. Square or round?

Kathryn Garcia:

Oh round.

Andrew Rein:

And your Brooklyn. I won't put you in the Di Fara, you know, Spumoni Garden problem-

Kathryn Garcia:

I'm a Spumoni Garden person, though the best thing about doing that and saying it publicly is that then I get invited to pizza places in other boroughs and I'm forced to partake and it's-

Andrew Rein:

Well, I'm glad we could help in some way. Well, thank you very much. We really appreciate you coming here and please stay tuned for our next candidate, Andrew Yang.

Kathryn Garcia:

Thank you. Take care.

Candidate Andrew Yang

Andrew Rein:

Thank you. I'm sorry. You beat me to the punch, Andrew. Thank you very much for being here.

Andrew Yang:

It's a pleasure, Andrew. It's great to be here. I admire your work a great deal.

Andrew Rein:

Well, thank you very much. I appreciate that much. I was going to say, I appreciate your name, but hey. So why don't I just go over kind of how we're going to run session and then jump right in. Sounds good?

Andrew Yang:

Sure.



Andrew Rein:

The process is we're going to spend 10 minutes together because CBC is nothing if not about efficiency, four minutes about managing the budget. I'll ask you a question, you'll have four minutes to answer it. Then I'll ask some follow-up questions for four minutes and then a two minute lightning round and we'll hear beeps around 30 seconds before the end of each segment to keep us to time. Sounds good?

Andrew Yang:

Yes.

Andrew Rein:

Okay. So the first question. New York City faces significant fiscal challenges. Additional federal aid will help in the short-term, but will not solve the long-term structural gap. The City's preliminary budget is \$1 billion short just next year. And then there are gaps behind \$5 billion in each of the next three years in the City and State Comptrollers came out just yesterday saying that those gaps could be one to \$3 billion bigger. So how do you plan to manage spending, identify savings, work with labor and address taxes, and please specify three actions you would take to close the recurring \$5 billion budget gaps.

Andrew Yang:

Thank you, Andrew. First, thank you CBC for all that you do. We have red ink as far as the eye can see. And I think anyone reasonable knows that. I'm going to go through some of the numbers that you all may already know, but these are the numbers that have stuck with me. We're missing 700,000 jobs. We've lost 27,000 lives. 300,000 families have left New York City.

We've lost 27,000 lives, 300,000 families have left New York City, including some very high earners. Midtown Manhattan is 82% vacant right now, thousands of small businesses, 60 million missing tourists. So you add it all up and it's a lot of red ink for quite a while. The challenge is to try and get our recovery going faster, and invest smart while cutting costs simultaneously. So when you talk about the three things I would do, either for growing revenue or managing expenses, on the revenue side, and I do think we do need to be seeking revenue opportunities, first you mentioned it, we need to get our fair share from the Feds. This is the big opportunity right now, Chuck Schumer Senate Majority Leader \$1.9 trillion. The case has to be made that there is no national recovery without a New York City recovery. We are almost 10% of the entire country's economy, we're the financial center, the commercial center, the cultural center.

That's job number one is try and find growth paths that way. There is another revenue opportunity that I would say is in the low hundreds of millions of dollars. And this is around trying to get property tax exempt institutions in New York City to pay their fair share. So this could be MSG's \$40 million tax break, that makes no sense. This could be Columbia University, when it buys a new apartment building, all of a sudden we don't get any property tax on that and they're still getting fire department and police department services. So I think that these institutions, especially at an institution like Columbia where frankly, they're benefiting to the tune of like tens of hundreds of millions of dollars a year from the property tax exemption. And this has happened in many communities where you go, "look, not going to



get rid of your exemption, but you have to pay in for some of the services you're enjoying". And then if you have a good negotiation with a number of those institutions, you can get low hundreds of millions.

The next big one is you have to try and manage employee attrition of the city agencies, and you don't want to resort to layoffs if you can help it because layoffs are very destructive on a bunch of levels. But attrition is something that we should be pursuing, we should be managing, that there is some bloat for sure in the City's budget.

I'm going to suggest that our current Mayor is not a very disciplined operator. If you could put a non disciplined operator in charge of a very large sprawling set of organizations for a while, you're going to find a lot of waste, a lot of inefficiency. So we manage attrition, we should be able to generate hundreds of millions of dollars in savings.

And then to me, the other major opportunities are around benefit rationalization. I think that in this day and age people receiving health care benefits with no employee pay in, is just not excellent policy because, having folks feel like they're getting value often it's helpful. For them to even be paying something in. I do think the City should be considering things like pied-à-terre tax that would generate hundreds of millions of dollars. So I think I gave four suggestions, but there are some of the-

Andrew Rein:

Surplus of suggestions is always welcome. Lets kind of do the math if we could, if that's okay.

Andrew Yang:

Sure thing.

Andrew Rein:

So federal stimulus is going to come out soon, estimate of \$5.6 billion. Some of that will be used by the current administration, so looking 16 months down the road, I'm not sure how much will be available for that next \$5 billion gap. But for a sense of purposes, let's say you have a billion for that. Let's say you have a few hundred million from tax exemptions, a few hundred millions for attrition, benefit rationalization... you've probably gotten up to two and a half billion dollars. What do you think is the rest of that nut that you can get?

Andrew Yang:

The very big opportunity, but this is longer term, Andrew. I think one of the things that's holding our city back and also could be a massive opportunity is property tax reform. Right now there are property owners in parts of Brooklyn that are paying seven times the affected property tax as landowners in Manhattan that own luxury condos. And the entire property tax pie is very very significant, where you're looking at tens of billions of dollars. If you have intelligent reform I believe that will actually make our economy much more dynamic, because right now those property taxes are taking money out of the hands of households that might spend it. It's not incentivizing development in effective ways. So to me, this is a billion dollar opportunity in terms of both direct revenue, and I think in terms of value that gets unlocked for the city.



Now I suggested this sort of later in the list, because even optimistically property tax reform will not be kicking off significant revenue for the first one to two years. Your best case might be that by the end of your first term, you're starting to see some of those values. But I agree with you that for the interim one to two years, and I actually am more optimistic than you are on the level of federal aid that we can expect. I've spoken to Senate Majority Leader Schumer, I've spoken to a number of members of Congress. They do not think this \$1.9 trillion package is the end of it. Let's put it that way.

Andrew Rein:

If I may, we haven't talked about some of your programs that you want to initiate, universal basic income, or green new deal for NYCHA, expansion of fair fares, City takeover of transit. I think the universal basic income has a price tag of about a billion dollars. We were having trouble closing the budget gap and suddenly we're adding a billion dollars for universal basic income. How much would all these programs add up together? And how would you fund them?

Andrew Yang:

So I'll start with the cash relief program. And so we've committed a billion dollars in cash relief, I think there are different ways that we can get there. I've talked to various philanthropists who are very interested in this because they've converted from services to cash. And so I think there'll be an appetite to help augment the resources we're giving to cash relief. And this is going to be very detailed, so please bear with me. One of the problems we have is that small businesses around the city are closing in very high numbers. I've run a small business in New York City, that's one reason why I'm good at making these numbers work is cause if you ever run a small business, you make the numbers work and you make more money than you spend. So how are we going to help some of these small businesses stay open while alleviating extreme poverty that is driving social issues, homelessness, crime, in some cases, and holding back our recovery?

So my plan is to implement this cash relief in the form of a localized currency called Boro Bucks. If New York City's Metro area, were a country we'd be the 11th biggest economy in the world, and there are already localized currencies being used in our city. So the example I'm going to use is that in Brooklyn, there are Yeshiva schools that are asking parents to spend \$2,000 on voucher for small businesses that are in the community. So I'm a parent, I buy the vouchers, I then use the vouchers at the small businesses, the small businesses turn the vouchers into the Yeshiva school, and they get the \$2,000 with a 15% haircut. So this is a major fundraiser for the Yeshiva, it's a win for the small businesses because they're getting spending they wouldn't have gotten otherwise.

How is this relevant to my Borough Bucks universal base again? It's not a universal based income, it's actually just like a guaranteed minimum. So the plan is to put Borough Bucks into the hands of indigent New Yorkers that can be spent at local small businesses. So then the money that we're putting in their hands, goes to local small businesses, and then circulates multiple times within the community in various ways. It can be redeemed with the City at a discount, but because there'll be redeemed at a discount, the incentive will be for them to spend it at other small businesses.



Andrew Rein:

And does the city... Is any city money going into this? Or is this all foundation?

Andrew Yang:

So there will be some City money going into this, in my mind's eye it's something like one-to-one. So the city puts down...

Andrew Rein:

Half billion dollars.

Andrew Yang:

Half a billion dollars, then we get half a billion dollars. I've talked to philanthropists who are already expressing interest.

Andrew Rein:

And so let's if we can, turn to our lightning round okay?

Andrew Yang:

Sure thing.

Andrew Rein:

Would you set targets on a regular basis for agencies to propose savings, a PEG program, and how big would that target be?

Andrew Yang:

Yes, it would depend upon the agency for sure. But you'd want it to be significant because you need managers to identify the fat and then even start identifying which piece of flesh they can do without. If, it comes to that.

Andrew Rein:

Would you support a legal requirement that the city deposit money into a rainy day fund each year when the economy is growing?

Andrew Yang:

Oh when the economy is growing? I would love to do that, but my precondition be that the economy is back at pre-COVID levels.

Andrew Rein:

And at that point, would you have a legal requirement set to that? Would you support that?



Andrew Yang:

I think that there should be a rainy day fund and I would support a requirement to fund it.

Andrew Rein:

The city has 20,000 more employees than at the beginning of the administration, but 10,000 down from its peak. Do you think it should be higher or lower than it is now?

Andrew Yang:

I think that it's a certainty that our head count is going to drop from its current level.

Andrew Rein:

Let's go to our last question, I heard the beep. So please choose a topic. This one's of your choosing New York city music, food, or sports.

Andrew Yang:

Sports.

Andrew Rein:

More exciting, Linsanity or John Starks?

Andrew Yang:

Oh my gosh. I was going to say Linsanity, because you know, I'm Asian. And it was the greatest thing in sports history. But then John Starks was my childhood idol, but I will still go with Linsanity by a hair.

Andrew Rein:

Okay. Thank you very much but that is the last word. We appreciate you coming and please stay tuned for our next candidate coming up very soon.

Andrew Yang:

Thank you CBC.

Candidate Dianne Morales

Andrew Rein:

Dianne Morales. Thank you so much. I'm sorry for the delay, these technical things.



Dianne Morales:

No worries.

Andrew Rein:

We do the best we can.

Dianne Morales:

No worries at all. It is definitely the age of Zoom, so I... No problem at all.

Andrew Rein:

Thank you. Thank you. Welcome. Thanks for being here. I want to just give a little refresher on the process so we're both on the same page and jump right in. We're going to have 10 minutes together to talk about how you plan to manage the budget. We'll start with a question that I'll ask. You'll have up to four minutes to answer. Then I'll ask some follow up questions for four minutes, and then it's a lightning round for two minutes. We'll hear beeps giving us 30 second warnings before the end. How does that sound?

Dianne Morales:

Sounds great. Let's do it.

Andrew Rein:

Sounds like speed budget talk. So the first question, New York City faces significant fiscal challenges. Additional federal aid would help in the short term, but won't solve the long-term structural problems. City's preliminary budget is \$1 billion short next year, and the recurring budget gaps of \$5 billion in each of the subsequent three years. The City and State Comptrollers say that those might be understated by one to \$3 billion. So how do you plan to manage spending, identify savings, work with labor and address taxes, and please specify three actions you would take to close those \$5 billion recurring gaps.

Dianne Morales:

Great. So let me just start off with... Let me lay a little groundwork here. Mine are bold and radically different approaches to respond to what I believe is a radically different time. I think we are at a crossroads in our city's history and our country's history, and it's really time for us to honor those that we have historically left behind. I think there's really a moral and a political imperative for us to commit to a new social contract that recognizes our collective interdependence and really orients our policies towards prioritizing everybody's ability to live in dignity. That being said, I think it's important for us to recognize that very often in the history of our city, we talk about an austerity economy or when we start talking about issues with the budget, it's very often been just a signal to the poor that they need to prepare to shoulder even more of the burden than they have already disproportionately born.

And that for too long, we've been dis-investing from essentially what I consider to be the heart and soul of our city. So my platform... My entire platform is premised on the notion of moving away from what



has historically been a carceral economy that criminalizes, surveils, and punishes poor people and black and brown communities, and move towards a community, a care economy that really prioritizes human services and the care of our community members by elevating those who provide care in our society, whether that's childcare or elder care, long-term care, disability, home care.

And that includes the idea of creating a workforce that provides opportunities for those folks, as well as building out a sustainable labor market. It involves the idea of investing in public infrastructure and really beginning to address our failing infrastructure while providing jobs and training to the community. And that includes the idea of pursuing public banking for our city to really support and strengthen our local economy, investing in expanding and small and mid-sized businesses, business opportunities, including expansion of micro economies and worker-owned cooperatives and urban agriculture. I don't think that this is a time for us to divest further from our communities. I think we need to reorient our priorities and really recognize that this is a moment for us to invest and grow, but to make choices. To do that in a way that is vastly and transformatively different from some of the choices that we have made historically. This is not a time to shy away and tighten the purse strings. This is actually a time for us to invest.

Andrew Rein:

So I understand. So you walk in the job, because listen, you've run a small nonprofit, you have a family, at the beginning, middle of the end of the day, you got to figure out where the money comes from and the bills have to get paid. New York City has a balanced budget requirement. So let's start before getting to the new programs you walk in that first day, your budget director says we got a \$5 billion problem. What are we going to do?

Dianne Morales:

Yep. Great question. I often talk about starting with controlling the things that we can control. And so I've already called for defunding the police by minimum of \$3 billion. I think that that is consistent with the idea of moving away from a carceral economy and moving towards a care economy. I think that also includes that the whole carceral economy includes taking a hard look at our corrections budget and eliminating the special narcotics unit. It means taking a hard look at even ACS and the district attorney budgets as well. Was that for me to stop talking?

Andrew Rein:

No, no that's just... Keep talking, I'll keep time, thanks.

Dianne Morales:

Okay. Thank you. I also think we need to do... I would want a very deep audit of our city budget, right. Including all existing, external consulting contracts, also looking at all of our city agencies and those that have been sitting on existing vacancies for an extended period of time so that we could recoup those dollars. And then I think really, really working with the council and the state legislators in order to push for the, Invest in Our New York package. So those are some of the places that I would want to start in terms of day one.



Andrew Rein:

As you said, PD \$3 billion before moving on, you probably have to do layoffs because it would take time to attrit that. How many officers do you think you'd have to lay off to get that \$3 billion?

Dianne Morales:

This was... I was asked this question just last week. And so the idea is we're not talking about losing jobs, we're talking about creating different jobs, right? So I think what we're talking about is creating jobs in schools. If we're removing a NYP from schools, we're talking about investing in mental health services, we're talking about investing in housing. So we are in fact generating and creating jobs with that money in a different way. So I haven't done the sort of apples to apples comparison yet. There will be-

Andrew Rein:

One are the challenges... I'm sorry, one of the challenges of course, would be that you can't close the budget gap with the \$3 billion savings, and then spend it in another place. Each dollar gets to... That's a challenge with all of us, each dollar gets to spend only once. But so police correction, other criminal justice, as you said, consulting contracts, then you have new spending. You have a I'll call it a guaranteed minimum support. Because I heard you last night and you didn't want to call it a basic income, and I heard your explanation. So guaranteed minimum support of certain people, free buses with expanded routes, canceling rent, public jobs program at the MTA. Have you totaled up how much do each of these programs cost? What are your priorities and how much would they cost?

Dianne Morales:

So, I think that the most important thing in day one of my administration would be that we sort of address whatever, wherever we are in terms of this crisis, right? So the first thing that needs to happen is that we need to make sure that we are getting everyone vaccinated and getting everyone access to the vaccine. So that, we're healthy.

Here's my problem with the way we have often managed and reacted to things. Had we, in fact, at the beginning of this pandemic made a conscious decision that we were actually going to go into invest in allowing people to stay home and paying people to stay home so that they could be safe and secure for a period of time while also making sure that our essential workers and frontline workers had the protections that they needed and had the hazard pay that they needed. My contention is that we would actually have spent a lot less money than we're spending now on the backend, as we try to recover and deal with the mess that we have created by not having the courage on the front end to make the investments that we needed to make. And an ounce of prevention is worth a pound of cure. I'm a believer in that. And so-

Andrew Rein:

Thank you. And you've mentioned taxes. You support the Invest in New York Act.

Dianne Morales:

I do.



Andrew Rein:

Which is mostly about state taxes, but it's a millionaire's tax, Wall Street tax, capital gains tax, wealth tax. In aggregate how... The city's taxes are on \$62 billion right now, how much more would you tax in the city?

Dianne Morales:

I mean... I think that we need to look at folks who are earning above \$350,000 and we need to significantly increase those taxes for those folks, as well as I think that the package of Invest in New York is, is something that I support. I think it imposes taxes differently depending on the six bills. I'm a supporter of that. I also think we should be looking at property tax and land value tax and doing things differently with those revenue sources as well.

Andrew Rein:

Would you have any concern that people... Higher income people would leave the city and take their tax dollars and businesses with them?

Dianne Morales:

No, I don't actually. People want to be in New York and I just think that's a fear-mongering tactic that has served those folks for too well for too long.

Andrew Rein:

So we're going to turn to our lightning round if we could, okay?

Dianne Morales:

Okay sure.

Andrew Rein:

Would you set targets on a regular basis for agencies to propose savings, a PEG program?

Dianne Morales:

Sure. Yes.

Andrew Rein:

Would you support a legal requirement that the city deposit money into a rainy day fund each year when the economy is growing?

Dianne Morales:

Yes.



Andrew Rein:

City now has 20,000 more employees than it did at the beginning of the administration, but down 10,000 from its peak. Do you think headcount in aggregate should be more or less than it is now?

Dianne Morales:

I think it should be less than it is and that that money should go into the community.

Andrew Rein:

The budget includes no future raises for city workers. Would you grant raises even though they're currently are budget gaps or would you wait until you found a way to pay for them?

Dianne Morales:

I would work with labor in order to come to a conclusion or come to an agreement that was mutually agreeable.

Andrew Rein:

And the last you get to pick a topic and then we'll drive down. Please pick your favorite topic: New York City music, food, or sports?

Dianne Morales:

Food.

Andrew Rein:

Food. Your favorite New York city food pizza, dumplings, patties, tostones, mofongo, or street meat?

Dianne Morales:

Oh, wow. A pizza for sure. We do pizza every Friday at my house.

Andrew Rein:

And are you a square or round fan?

Dianne Morales:

A square, or a... Is that a New York question? Square or round? It's a triangle. So it's irrelevant.

Andrew Rein:

No, no it's a... As a Brooklynite. It's a Di Fara Spumoni Garden question.

Dianne Morales:

Okay.



Andrew Rein:

Well, thank you very much. We really appreciate you joining us tonight and taking the time. I know you're doing a lot of these forums.

Dianne Morales:

Thank you so much. Thank you so much to everyone. I appreciate the patience and the grace on the front end too.

Andrew Rein:

Well, thank you as well. Please stay tuned. We'll have Eric Adams up next.

Candidate Eric Adams

Andrew Rein:

Borough President, it's great to see you.

Eric Adams:

Great seeing you as well. Am I coming through clear? I'm moving around from location to location.

Andrew Rein:

We're all about efficiency here at the CBC, so we're okay. We can see you and you have better lighting than most people have when they're in their houses. Let me just go over our format today and then we'll jump in. Our process, we're going to have 10 minutes together to delve into how you plan to manage the budget. We're going to start with a question and then you'll have up to four minutes to talk about this, and then I'll do some follow up questions for another four minutes. Then we'll have a two minute lightning round. We're going to hear beeps, which basically just signal to me that we're 30 seconds before the end of each segment and that'll help keep us on time.

Andrew Rein:

Does that sound okay?

Eric Adams:

And I always bring my own stopwatch. I like to follow the rules.

Andrew Rein:

There you go, mine looks just like yours. So let's jump in.



Andrew Rein:

New York City faces significant fiscal challenges. Additional federal aid will help in the short term, but will not solve the long-term structural problems. The preliminary budget is \$1 billion short next year, and we face budget gaps of \$5 billion in each of the next three years. And the City and State Comptrollers site risk saying that those \$5 billion gaps may be understated by one to \$3 billion. So please share with us, how do you plan to manage spending, identify savings, work with labor, and address taxes? Please specify three actions you would take to close those \$5 billion recurring caps.

Eric Adams:

You said something at the start that really we must focus on. And you said structurally. Our city's dysfunctional, and we have to acknowledge that. And I'm really the only candidate that's running for mayor that was part of a dysfunctional system. And it turned itself around and became functional. That's the New York City Police Department. During the mid eighties and early nineties crime was really through the roof. 2,000 homicides a year, almost 98,000 robberies, and the equivalent amount of felonious assaults. I was part of a small team that used data and metrics to finally identify how do you run policing in real time. And we turned around the whole city and it became a safer place. Businesses grew, people moved here, we saw safety become the prerequisite to prosperity. And we're here again and we continue to be dysfunctional in every other agency.

We operate our city in silos, and due to that, we are inefficient and inefficiencies will create the inequities and structurally in our city. And that's very important for us to understand just pouring money into our city, not going to solve the problem. We had a \$20 billion increase in the last seven years. And our children are still not being educated. 65% of black children, are not meeting proficiencies in our school system. Our city's getting dirtier by the day. Crime is increasing, so it's not just dollars. It's how do you create a different mindset in this city? And so there's some specific things I'm going to do to deal with the budget, but at the heart of it, I'm going to stop having my city operate.

Budget, but at the heart of it, I'm going to stop having my city operate in silos. Where one agency creates a crisis, another agency respond to the crisis that was created. You see it every day. But going directly to the budget. Number one, we can significantly reduce the labor costs by about \$1.5 billion which Mayor Bloomberg did through attrition, not replacing, retiring, or resigning non-essential city workers. Of course will have to replace those who are essential.

But we can do attrition and solve some of that savings up to about \$1.5 billion. Second, we have to run our agencies better. I believe we could get two to three billion dollars by reducing agencies' spending three to 5% in every agency across the board, or by doing the PEG program, the Program to Eliminate the Gap. Next, we need a modest increase. What I called a recovery share.

I'm going to go to my \$5 million a year or more and ask them, we need you right now. Two to three years, enough to get us over this difficult time of doing a tax increase to those \$5 million or more high income earners. And after the two to three years, allow it to sunset because we don't want to run out our high income earners. You know and I know 65,000 people pay 51% of our taxes, and they're just 2% of our tax filers. We need them here in the city.

I don't share the belief that let them go. No, I want them here. And we're going to make the city safe in the process. Next, we can save about another \$400,000 in overtime, by running a more efficient police



department. I'm also going to appoint an Efficiency Czar, someone that's going to look at every contract over \$10 million.

We can go into these agencies, everything from cell phone contracts, to insurance contracts. We have not re-examined all of the various contracts we have for goods and services. And we're going to change the procurement mindset. We need to be recycling that \$25 billion that we do in procurement. We want it here in the City of New York, instead of outside our city, by looking at best value and not just lower cost. And then-

Andrew Rein:

I'm sorry. Can I just delve into a couple of things you mentioned? Would that be okay?

Eric Adams:

Yes it is.

Andrew Rein:

You mentioned the PEG program and attrition program. Is that on top of each other? Or is that the same? Is the attrition part of the way you get to the PEGs?

Eric Adams:

No. Nope. Not at all.

Andrew Rein:

On top.

Eric Adams:

The PEG and attrition is two different.

Andrew Rein:

You mentioned about the temporary tax on filers earning over \$5 billion a year. Now they currently pay around \$3 billion of taxes. So you're talking about a one third to two thirds increase. Are you concerned at all, given that people have been running their businesses successfully out of New York for the last 11 months, that this would risk those residents, high income earners, to leave the city permanently and take some tax dollars with them?

Eric Adams:

Yes, I am concerned, but when I speak with my high income earners and sit down and communicate with them, this is what they're telling me. They say, "Eric, our city no longer feels safe. Our city is no longer feeling clean, the quality of life. We have to get our restaurants, our museums, we have to get back operating." I find our high income earners don't mind paying the taxes if they see the services and



we're not showing them that now. And I'm going to show them how we could run this city, that they're not wasting their tax dollars.

Andrew Rein:

So you've talked about how to close the gap, talked about the taxes side. You also have proposals for a full year school year, year round summer youth employment, incentives for life sciences, an EITC expansion, tax-free Tuesdays. How much are all these going to cost? Or pick one or two of them. How much does tax-free Tuesdays cost? Or how much will full year school year cost? And how are we going to pay for those activities? Those programs.

Eric Adams:

Think about this for a moment, let's go with the full year school year because that's important to me. When you look at the heart of the dysfunctionality of our city, it's the Department of Education. We keep producing, broken children that turn into broken adults and live in a broken system. 80% of the men and women at Rikers Island don't have a high school diploma or equivalency diploma. 30% are reported based on one study to be dyslexic because we're not doing what we should be doing in educating, we find ourselves putting young people in a place of being incarcerated. That must change. And so if you do a full year school year by using the new technology of remote learning, you don't need children to be in a school building with a number of teachers, it's just the opposite. You could have one great teacher that's in one of our specialized high schools to teach 300 to 400 students who are struggling in math with the skillful way that they're able to teach.

Let's look at our best mastered teachers and have them have programs where they're no longer being just within a school building. We no longer have to live within the boundaries of walls, of locations. We can now have a different method of teaching and I'm going to have the best remote learning that we could possibly have, not just turning on the screen and having children look at someone or really being engaged. And when you look at some of the other entities that you mentioned, such as the tax-free Tuesdays, we have to start taxing social media.

Netflix and others have they're hurting our movie industry where people walk into a movie theater. If we start going after those entities and compelling them to pay their fair share of taxes, we have allowed social media to get away with the taxes that they should be paying. That's why I'm teaming up with Senator Gounardes is to look at data tax and I was happy to see the financial chair, Liz Krueger introduced the bill because we're finally saying it's time for social media to now pay their share of data taxes and other taxes that they're not paying in the city.

Andrew Rein:

And would that be a city tax and how much revenue would you get for the city for that?

Eric Adams:

Well, it's a bill that must be passed through the state lawmakers, but you're looking at anywhere from 25 to \$30 million that we believe anywhere from 50 to a \$100 million that we believe that we can get from having a real data tax. Right now we get nothing from that.



Andrew Rein:

Thank you very much. Let's jump to our lightning round, if I may. You've talked about a PEG program, please remind us that you do a regular PEG program. What would be the size again you said?

Eric Adams:

3 to 5% annually.

Andrew Rein:

And would you ever support a legal requirement that the city deposit money into a rainy day fund each year when the economy is growing?

Eric Adams:

Without a doubt, that was a big mistake we made.

Andrew Rein:

And I was going to ask if, if you think the head count should go up or down from where it is now you said down, how much should it decline from where we are now through your attrition program?

Eric Adams:

Well, if you do a real analysis based on the number of employees that leave government annually, we're not rehiring unless they are essential employees until we could right size the current workforce that we saw almost a 350,000 increase under this administration. I think that we need to find the right size to run the city.

Andrew Rein:

And for our last topic, you get to choose a topic and I'll ask a question. Please choose a topic about New York City music, food, or sports.

Eric Adams:

I'll go with music.

Andrew Rein:

You're going to go with music. You're our first to go with music. Your favorite 1970s New York City music disco, punk, or hip hop?

Eric Adams:

Probably disco. I still remember Donna Summer's dancing to a lot of her tunes. Any one of Donna Summers music. I remember Studio 54. I'm aging in myself.



Andrew Rein:

Okay. We all are there and get there. Thank you very much for joining us today. We really appreciate your time.

Eric Adams:

Take care.

Andrew Rein:

Please stay tuned for our next candidate Ray McGuire. Thanks.

Candidate Ray McGuire

Andrew Rein:

Ray McGuire, thank you very much for joining us.

Ray McGuire:

Thank you for having me. Let me get this in place.

Andrew Rein:

Tell me when you're ready and I'll go through kind of the format and then jump it. Are you ready?

Ray McGuire:

I'm ready, yeah.

Andrew Rein:

Okay. Just a refresher, the format we're going to spend 10 minutes together talking about how you plan to manage the budget. I'll ask an open-ended question, you'll describe for four minutes. Then I'll ask some follow up questions for four minutes and then we'll do a two minute lightning round. We're going to try to keep the time so you'll hear beeps and that just signals me that we should start to wrap up and move into the next segment. Sound good?

Ray McGuire:

Sure.

Andrew Rein:

Okay. So the first question is, New York City faces significant fiscal challenges, additional federal aid will help in the short term but won't solve the long-term structural problem. The City's preliminary budget is



\$1 billion short next year, and we have recurring \$5 billion gaps in the years following that and the City and State Comptrollers just yesterday, came out and said that those gaps might be understated by one to three billion dollars. So please tell us, how do you plan to manage spending, identify savings, work with labor and address taxes. And please be specific on three actions that you would take to close that \$5 billion recurring gap.

Ray McGuire:

So, number one, thank you for having me. Number two, the answer to this is the most important thing is to stabilize the finances and stop the decline and get back to work as quickly as we can. I want to start sooner than the independent budget office is calculated we return and that is in 2024. I want to be clear have having managed as many budgets as I've managed, what I recognize and I've managed budgets from the depth of the financial crisis, we can neither tax nor cut our way out of the current financial situation. We need to grow our way out of this. We're down circa \$2 billion or so in property tax revenue, income taxes only account for 14% of the revenue so tax increase will not get us there. We've increased the run rate of expenses by \$12 billion in four years.

That may be a way for us to take a look at it. My plan is to grow our way out of this and that is my comeback plan, which is going to focus on 500,000 jobs. Go big, go small, go forward. Focus primarily on small businesses, small businesses have been the lifeblood to the city, where I've identified what I call a comeback accelerator plan, which gives wage subsidies of 50,000 small businesses will pay 50% of the worker's salary for one year by jump-starting the economy it's going to cost me \$900 million plus over two budget years, which I can pay for by using the existing federal and state funds that are dedicated shared work programs as well as a portion of their federal relief funds. The other thing I'm going to do is negotiate, see if I can have the small businesses keep a portion of the sales tax for one year, and I'm going to have a comeback bank initiative, which is going to supplement the city support with capital that can be used for grants and equity.

And then I'm going to also allow the city permits and licenses to renew for the next 12 months without any fees. We have to manage this as an issue for a long haul rather than just respond to the immediate crisis. And the other thing is, the budget needs to be, by 2022 beyond we're facing a four plus billion dollar deficit without addressing the pension fund and other employment benefit liabilities, not to mention need for new education programs and rental assistance. So I will surround myself with people who understand PEG, which is one of the ways I'm going to go about this. I look at the \$12 billion that we've onboarded so program to eliminate the gap. We'll do that. We attrite 22,000 people a year, that's one of the ways we're going to do is manage a growth in head count. I need to increase capital spending in the short run so that we can boost jobs.

I also need to bring on public private partnerships. Finally, as we know, the state contributes \$26 billion and the balance of trade between ourselves and the federal government. So I'm going to access some of their federal stimulus package, access some of the state's stimulus package and also make certain that we focus on what's been allocated so far.

Federal aid, I've talked about a little bit. We need to get new initiatives here through reduction of some of the existing plans. And my priorities will be looking forward to fund. I need to look at the existing spending that is not providing benefit. For example, how I go fund zero to four, which is zero to three



which is my affordable care for all. So I need to increase services and one of the ways I'm going to look at it, I'm going to look at thrive for New York. I can get circa \$100 million or so, I can look at what we're doing with attrition which is going to get me a billion to \$2 billion or so and I'm going to look all the other programs that are outstanding where I can get through PEG and to that \$12,000 increase, I can probably get a billion and a half to two or three billion dollars out of that. And I cannot neither cut nor tax my way out of this.

Andrew Rein:

And one of the challenges with growth is it takes time no matter how much you prime the pump of course. You walk in January 1st, you have a \$5 billion budget gap, and the budget is starting in six months, there's projected for that year of tax increase of 4.2%. We know that the property taxes have been reprojected lower so that's very significant, but how much do you think growth could you get in that first year? Because obviously, each billion dollars represents a point and a half of growth. How much growth are you going to get to close that first \$5 billion budget gap? That's going to take a while.

Ray McGuire:

I'll go through PEG and I should, through PEG and mandate metrics that we need to do to get through for PEG to be applied. Just beginning with that \$12 million increase that we've had in run rate expenses four years, apply a number there that's going to get me to, I don't know, probably a billion and a half, \$2 billion, if not more, just through being more efficient, I look at what we've done and some of the departments where we've increased for the past five to six years, \$1.2 billion in the police budget.

So they're ways to go through and be more efficient, but I can't cut my way through the four plus four plus \$4 billion budget gap deficit that's been outlined. And I look at where we are on property taxes, which represent 50% of the revenue base and they're down 20% and income taxes only get me 14%. I know I can't cut my way out of this. So I can make some progress through being more efficient, but I got to grow. The only way you getting out of this is to grow, which means public private partnerships, which means infrastructure projects, which means focusing on the small businesses, which I've outlined, in which means making certain that we bring the private sector in where appropriate to help us build.

Andrew Rein:

Now, somewhere along the line, I believe you supported a millionaire's tax of some kind, but I'm not sure if you've been specific. How much would you increase taxes on people earning over a million dollars?

Ray McGuire:

You know, I need to go take a look at that, because it also comes down to, there's a contract here. The contract is, if you give me a quality of life, those who have the resources are prepared to invest more, including increase in taxes, but just take a look at this, we've gone through SALT, we've gone through COVID. The threat that is now on people's lives is now already significant. We've seen a migration out. So while I can go and have a conversation with the high income and the high tax payers, I got to be really



delicate about how I balance it. So yes, we're all going to have to pay a little bit more, but I also have to make certain that the streets are safer and that there's quality of life

Andrew Rein:

On the spending side, over 50% of the budget is compensation for the workforce, salaries and benefits and the like, and they're actually \$1 billion of labor savings included in the budget, is it a top tier or kind of a lower priority for you to work with labor to identify savings? And if it's a top tier, how would you work with labor? Because your experience has probably been a little different in the private sector.

Ray McGuire:

Well, the experience has been different only on so that I have a different constituent. I work with varying constituents over my years of having negotiated budgets. Remember these budgets are often bigger than state budget revenue base of 20 plus billion dollars. So I would make sure that I would work with labor. They're an important constituent here. Remember in the seventies business, labor and government came together, labor bought the bonds. I would expect to have the same kind of partnership with labor going forward as we all recognize that the deficit that we are experiencing here is going to be significant.

The other thing that labor needs to understand, which I think they do as has been a 15% reduction in construction. We had at our peak \$60 billion, \$60 billion business, and today that's projected looking at the last congressional construction congress, looking at their outlook, that number is going to be pretty significant. So I'm looking into the pipeline and the third and fourth quarter, I don't see cranes in the air. I don't see shovels in the ground. We all will have to come together and do whatever we can and negotiate a win-win. So yes, labor and the relationship with labor will be key.

Andrew Rein:

And so let's see if we can move to our lightning round. Could you share three words with our audience on why they should elect you to raise and manage their \$95 billion?

Ray McGuire:

You should elect me because I have the-

Andrew Rein:

Three words, sorry.

Ray McGuire:

Oh, three leadership, credibility, track record.

Andrew Rein:

Thanks. I don't know about hyphens, but I'll take track record, thank you. You've said a PEG, do you have a percentage that you would put on that PEG when you went into the agencies?



Ray McGuire:

You know, I got to be pretty aggressive here so I would say somewhere in the 5% range.

Andrew Rein:

Would you support a legal requirement that the city deposit money into a rainy day fund each year when the economy is growing?

Ray McGuire:

Absolutely. Yes.

Andrew Rein:

We have 20,000 more employees than we did at the beginning of this administration, but we're down 10,000 employees. From what I understand you think from here, we should reduce employment more? Head count more?

Ray McGuire:

I think everything's got to be on the table and I'd look at attrition. And I would probably make sure that we manage attrition as aggressively as we could, given the increase that we've incurred over the past five or seven years.

Andrew Rein:

The budget includes no future raises for city workers. Would you grant those raises, even though there currently are gaps or wait until you've found a way to fund them?

Ray McGuire:

I'd find... you don't spend what you don't have. I throw nickels around like manhole covers.

Andrew Rein:

Which would you enjoy more three mayoral forums in one day or two hour line by line budget briefing by your budget director and staff?

Ray McGuire:

I would prefer the budget briefing.

Andrew Rein:

Please now for our last question, choose a topic in new York city music, food or sports.

Ray McGuire:

Give me food.



Andrew Rein:

Food it is. Your favorite New York city food pizza, dumplings, patties, tostones, mofongo or street meat?

Ray McGuire:

I'd go with the pizza.

Andrew Rein:

Okay. Well, thank you very much. I really appreciate you spending the time. I know you guys are doing a lot of these, so appreciate it.

Ray McGuire:

Thank you for having me, appreciate you all and all the work that you do.

Andrew Rein:

Thank you very much, please stay tuned for our next candidate, Scott Stringer.

Candidate Scott Stringer

Andrew Rein:

Comptroller Stringer it's good to see you.

Scott Stringer:

It is good to see you Andrew. How have you been?

Andrew Rein:

I've been well and you?

Scott Stringer:

I'm doing all right.

Andrew Rein:

Fantastic. Why don't I just refresh your memory on our format today and jump into it. CBC is all about efficiency so we're going to spend 10 minutes talking about how you would plan to manage the budget. We'll start with, I'll ask a question, you'll up to four minutes to answer, I'll ask follow-up questions for four minutes, we'll have a two minute lightning round and we'll hear a beep around 30 seconds before the end of each segment signaling to me that we should move along. Sound good?



Scott Stringer:

You want me to open it up?

Andrew Rein:

Well, I'm going to open up with a question, frame it a little for you. I might even mention your work. So New York City faces a significant fiscal challenge. Additional federal aid will help in the short term, but will not solve a long-term structural gap. This City preliminary budget is \$1 billion short next year. And the City faces recurring gaps, exceeding \$5 billion each in the next three years and your office and the State Comptroller's office has said that there are risks that might mean that's one to \$3 billion, even greater than that. So how would you, please share with us how you plan to manage spending, identify savings, work with labor and address taxes, and please be specific about three actions you would take to close that recurring \$5 billion gap.

Scott Stringer:

Okay. Well, let's see where we should start. First of all, I do think, just to give you a sense of the economic overview that we've been talking about, pre-COVID, we saw unemployment at 3.4%, we had added 970,000 jobs to the economy over 10 years. And once COVID hit, the unemployment rate went from 3.4% to 20% and those 970,000 jobs, we lost 900,000 in 30 days. And our economic recovery has slowed and job growth is turning negative, especially in the last couple of months.

We should be aware that small businesses are still struggling. There's 30% fewer businesses open today than before the pandemic and their revenues right now are down 50%. And so I want to use my 30 years of government experience as assembly member, as borough president, especially as comptroller to bring this economy back to life. And the way we do it is by making sure that we have a short term and a longterm vision for how we bring the city back. And that's why I'm running for mayor. And I'll be happy to specifically answer your questions one at a time.

Andrew Rein:

So please, so you walk in the first day and your budget director says we got \$5 billion stimulus, but the past administration has already spent \$4 billion. So you got a billion now, and now you have another \$4 billion gap coming up and you have this all these lists of programs, the green new deal for public housing, bus service, six minutes, free community colleges. How are you going to close that budget gap? What are the specific directions you would give to your budget director to close that \$5 billion?

Scott Stringer:

Well first of all, we have a proposed balanced budget, right. And part of what we're going to have going forward is what I estimate if Congress holds about \$5.6 billion. Now, you know with stimulates money, that's temporary money. That's not for the long-term, but that stimulus that \$5.6 billion could be extended at least a year, maybe two or three budget cycles. So step one, we have a balanced budget today and the reason we have the balanced budget is because the Mayor listened to a lot of the recommendations from the Comptroller's office. I said, if you're going to balance this budget, we have to draw down on reserves, he did that. We also have to make sure that we look at efficiencies in city



agencies, he did that. We also saw while property taxes fell \$2.5 billion, we did see other revenues rise to \$2.7 billion. And I believe we will see a balanced budget passed by the City Council.

Going forward, we are going to get \$5.6 billion, and that is money that we have to use strategically and carefully to deal with some of the structural budget crisis. We do have out year budget gaps could be \$4 billion, \$5 billion, maybe \$6 billion under the worst case scenario. I do think we can manage those deficits by continuing to do those efficiencies going forward. So I'm optimistic about where the city can be, but we're going to need real expertise, a mayor who can walk into city hall on day one and not have a meeting with the budget director because on day one, you should already know the budget and the budget plan going through the out year budget gaps.

Andrew Rein:

So how would you find those efficiencies? The \$1 billion short are referred to as the billion dollars of labor savings for which there is no plan. How important is it to work with labor to find efficiencies? And if it is important, what would your strategy be?

Scott Stringer:

Well, look, I'll tell you what I did in my office. I mean, I cut 5% of my budget. I was the only elected official in New York City to actually do that. When have you heard of elected officials voluntarily giving back 5%? I did it the way we should do it in City agencies. First, I looked at the outside contracts that weren't necessary in the office. I looked at contracts that were not being fulfilled. I looked at different efficiencies, what we need or don't need. I didn't have to lay off one person. I wouldn't do that. I didn't reduce the work of the Comptroller's Office. In fact, we continue to look at our efficiencies. I gave that money back. I said to the City agencies, the commissioners and the mayor, going back multiple cycles, that there are outside contracts.

There are a whole set of efficiencies that you should look at as an ongoing basis, because you never want to be in the dire situation where a mayor is threatening to lay off City workers, especially frontline workers. The mayor threatened to do that, 34,000 workers he put on the chopping block. The first thing you do in a pandemic is cut summer youth jobs? I, as Comptroller, said, "No way. Let's take an analytical approach to the budget." So in addition to those efficiencies, part of the mayor savings plan, 40% of the savings plan that was put forth was not just efficiencies within the agencies. The other part of it were the refinancing of our City debt. I was able to do that working with OMB and the Mayor's Office. 40% of the savings plan was the work that I did. We were able to get \$800 million as part of our financial package.

This is the kind of work that you have to do on an ongoing basis. No one in this race for mayor has had to do this kind of financial work with OMB to get us to a balanced budget in the midst of a pandemic. You should also know that one of the successes of the Comptroller's Office is we hit our actuarial investment targets. Last year, we hit 14%. Over the span of my work as Comptroller, we now have looked at a actuarial target number of 9%. That's because of the latter reforms that we worked on. You in the Citizen Budget Commission know we went to one investment meeting with five separate firms working with our union trustees. So there's a lot that goes into being a good financial steward as Comptroller, but that carries on to being Mayor of New York City.



Andrew Rein:

So you've mentioned a number of new programs you'd want to fund. Have you totaled up how much it costs to run bus service every six minutes, your Green New Deal for public housing, free tuition at CUNY community colleges? How much are all these programs going to increase the nut that you have to crack?

Scott Stringer:

Well, we can go one by one. Look, we have a \$92.3 billion proposed budget. Budgets are the choices that mayors, with approval of the Council, get to make. So it's about prioritizing what you think is best for the City. I do think, for example, when you look at how we're going to bring New York City's recovery back, a lot of the jobs, especially low-wage jobs, may not come back very quickly, if at all. I do think we have to up-skill the workforce in this City, older people and younger people.

I do want to provide free two-year community college and a workforce development plan within those colleges, because we can get people ready for what is the potential new economy of this City. Tele-health, IT work. In fact, you don't even need a two-year degree to be successful in these fields. You just need what's called micro-credentialing. So let's prepare the next generation of this workforce to step into those jobs. That a hundred and six million dollars will have a multiplier effect for the City if we implement it correctly.

Andrew Rein:

Can we quickly turn to taxes since you supported the Invest in New York Act, which includes income, capital gains, heirs, corporate, financial transaction tax? As you know, we tax \$60 billion in the City. Would you increase taxes, which taxes and how much in aggregate, just on a dollar value?

Scott Stringer:

Look, I think that there's a couple of things to realize here. I said this in my budget presentation. While I think in the short term, we're seeing balanced budgets. I do think we have manageable budget gaps that through efficiencies and working with the labor unions, just on a retirement incentive that labor would support, I do think we can get to a good place. But let's really think about the kind of New York we want. We don't want a New York economy like the old economy. We want to continue to bring the City back differently, to invest in communities hit hardest by COVID, to think about ways that we can transform our City so that we continue to be a magnet for new immigrants around the world.

We do need to build low-income housing. We have a homeless crisis where we have thrown money at the homeless crisis without solving the homeless crisis. We went from spending \$1.6 billion on homelessness seven years ago, to 3.2 billion. And tonight a record number of people are sleeping in shelters. So Andrew, we have to make the choice about how we raise revenue, asking people of great wealth, to pay more, to create a City that we all want to live in. Frontline workers made the ultimate sacrifice. We need to make sure that people who can give more, give more for the City. That is going to be able to realize some amazing work. Maybe it's free tuition for CUNY. But more importantly, I want to make sure we can triple the number of childcare slots so that every parent can go back into the workforce. There's a lot that we can do. We're going to have to go to Albany and ask the legislature to raise those revenues, as well.



Andrew Rein:

So we're going to move to our lightning round, but I'm going to add a special question just to follow up on my last, which in aggregate, what would the number be on the new taxes? How many billions?

Scott Stringer:

It really remains to be seen. I would say we should be robust in our thinking. We should take a look at this tax package as I support it. And we also have to gear the programmatic work we do with how to pay for it. And that is something that a mayor who's ready on day one will be able to access relationships in Albany to do it.

Andrew Rein:

Okay. Now, real lightning, would you set targets on a regular basis for your PEG program? What would those targets be?

Scott Stringer:

Look, I testified, if I can, I'll say this quickly, I testified at the City Council and said, "Save more, save more." In good times you got to save, because you never know what's going to come your way. No one really was listening. Everyone was spending. And here's what we found ourselves in, a COVID pandemic where the economy blew up. So I think we should continue to have reoccurring savings. We always should be looking at outside consultant-

Andrew Rein:

I'm going to interrupt. Would you support a legal requirement that the City deposit money into a rainy day fund each year when the economy is growing?

Scott Stringer:

Yes.

Andrew Rein:

Do you think the City head count should be greater or smaller than it is now?

Scott Stringer:

I think we're at a good place where it is now. I don't think the issue is trying to put more people on the unemployment line. I think we can find those consulting contracts and the egregious waste of spending in places like DOE administration and the like.

Andrew Rein:

And for the last question, you get to choose a topic, New York City music, food or sports?



Scott Stringer:

Sports for \$250 in matching funds.

Andrew Rein:

There you go! More exciting, Linsanity or John Starks?

Scott Stringer:

The New York Knicks.

Andrew Rein:

Okay. Okay. Well, thank you very much, Comptroller Stringer. We really appreciate you taking this time today.

Scott Stringer:

Thank you, Andrew. Take care.

Andrew Rein:

Please stay tuned for Shaun Donovan, our next candidate coming up.

Candidate Shaun Donovan

Andrew Rein:

Shaun, thanks for being here.

Shaun Donovan:

Mr. Rein. Good to see you.

Andrew Rein:

It's good to see you. I appreciate the moniker of respect with the Mr. I appreciate it. So why don't I just go through our format first, quickly, and then we can jump into, just as a refresher, our process. We're very efficient here at the CBC. We'll spend around 10 minutes talking about how you plan to manage the budget. I'll ask you an opening question. You'll have up to four minutes to answer it. I'll ask some follow-up questions for four minutes and then we'll have a two-minute lightning round. We'll hear some beeps around 30 seconds, so don't get distracted before they end, 30 seconds, so to keep us on time. Sound good?



Shaun Donovan:

Sounds great.

Andrew Rein:

Okay. So the opening question, New York City faces a significant fiscal crisis. Additional federal aid would help in the short term, but will not solve the long-term structural problems. The City next year, the budget is a billion dollars short and we have recurring gaps of \$5 billion in the subsequent three years. Just yesterday, the City and State Comptroller said there are risks, that it could increase those recurring gaps 1 to \$3 billion a year. So please share with us, how do you plan to manage spending, identify savings, work with labor and address taxes? And please be specific about three actions you would take to close that \$5 billion recurring gap.

Shaun Donovan:

Thank you, Andy. And look, I think we need to do three big things in the City at this moment. One is, we need a mayor who can get us the help we deserve from Washington DC. There is nobody better positioned to do that. I don't just mean direct federal aid to State and local governments, but I also mean the transit help, the unemployment assistance, all of the things that come directly to government, our school assistance, but as well as inject money into our economy. I've been creative about that. I've actually been working with the incoming Biden administration to get FEMA money into our restaurants, to help put workers back to work and to boost our tax revenues, as well. There are many, many ways beyond the ways that other candidates are looking at that we can bring federal aid to this City.

Second, we need immediate steps, a hiring freeze, labor savings via attrition for non-essential positions and potentially new revenues that would come from creative sources, not just congestion pricing, but value capture. I am open to a temporary surcharge, for example, on the highest income earners. But we also need a longer term strategy that reimagines and reinvents how City government functions, but also really gets to the fundamental inequities in our income and property tax systems, but also in our City more broadly. I've spoken a lot about that on my campaign, about how we have to make this a City that works for everyone. So just to be a little more specific as well, I want to talk about what we should not be doing, which is what the mayor did last fall.

I spoke out, wrote an op ed about it. We should not be posing a false choice between borrowing and layoffs. I think borrowing should be a last resort, not a first resort. I believe that we do not need to borrow at this time. I believe, given where we're headed with the federal stimulus package and what's happening in our economy, obviously we have many things that we still need to find out about the effectiveness of the vaccines, how quickly our economy recovers, but I think borrowing should be a last resort and that we do not need to resort to it at this point. I also don't believe that we need to be talking about large-scale layoffs, at this point. I've been clear that we do need a hiring freeze. We need to be working aggressively on attrition, but I do not believe that we need to go as far as layoffs at this point. Let me just say a couple of other words, if I have a little bit of time. I haven't heard that beep yet.



Andrew Rein:

There you go!

Shaun Donovan:

Specifically on tax reform, I believe it is a mistake to think that we can tax our way out of this crisis. I do support, as I said earlier, some increases and particularly short term that would help get us through this crisis. But I think we should understand that we already have one of the most progressive income tax systems in the country. I am open to thinking about additional tiers there, but we should be looking at our property tax system, which is actually the most regressive tax in the City. And looking not just at a pied-a-terre tax, but at more fundamental reform in the property tax system.

Lastly I would say, to achieve greater equity, but also to bring the economy back, we should understand that what we need to keep investing in is quality of life. We need to make sure, because I fundamentally believe in this economy, talent decides where to live and companies and capital follow. We need to be investing in quality of life that ensures that we grow our economy. And we need to be looking for real savings in things like homelessness and criminal justice that could actually not just save money, but also ensure the systems achieve greater equity in the long run. So those are a number of other ideas, as well.

Andrew Rein:

Thank you. Thank you. Let's delve into some, but first a little math. You got \$5 billion. You talked about DC, hiring freeze and attrition and revenues value capture and maybe a temporary surcharge. How do you allocate the \$5 billion among those three in your first year, as you walk in?

Shaun Donovan:

Sorry, I'm not understanding your math five, five billion-

Andrew Rein:

Well, you have a \$5 billion gap in your first year. And your Budget Director comes to you and says, "What are your priorities? How are you going to fill in?" You talk about, I'm going to get money from DC, a hiring freeze and I'm going to get some new revenues. How does that 5 billion dollars allocate between those three buckets?

Shaun Donovan:

So I believe that we, and again, we have to see where the package comes out, that we could fill the vast majority of that from the federal government. Obviously we-

Andrew Rein:

In the first year?



Shaun Donovan:

Yes, in the first year. I think there is the potential for multi-year in a number of these other areas, as well, specifically, around transportation and schools. There may be other opportunities there. I don't think we'll get State and local aid over a multi-year basis, but those are clearly things that I would look at. I also believe that we could, as I said earlier, find other creative ways to bring in resources through FEMA aid and other things that are creating serious gaps in our City budget right now. I think those are multi-year opportunities, not just one-year opportunities.

Andrew Rein:

Then on the flip side, you have... Campaigns are about vision and promises and budget. There's nothing more real than budget. So you've talked about the Child Equity Bond that you estimate will cost 3.2 billion in the first year and I think 1.9 billion thereafter. Then also housing, job training for incarcerated individuals, doubling summer youth employment, hiring new social workers. Let's just go for the Child Equity Bond, how would you fund that since, of course, you're still closing this budget gap? Adding another 3.2 seems like a big lift.

Shaun Donovan:

So to be clear, my proposal is based on what I hope would be, and certainly I would work effectively with Congress to do this, a Baby Bonds proposal that would fund the portion of it that goes to any new child born in the City. So what would fall to the City is specifically the piece that would go to our existing students, so those who are already born, already in our public schools. That is about one-third of that amount. My plan is to raise that dollar-for-dollar between City funding and between philanthropy. I would look to bring private donations in for about half of that City cost. That gets you down in the range of about \$500 million a year, we believe. I think that is certainly something we could absorb out of the City budget.

Andrew Rein:

Now, you've talked about the MTA and it's an interesting proposal, so I want to raise it here. It kind of says that you want to increase the City funds to the MTA, take more financial obligation in trade for board seats. How much is a board seat worth? How much do you pay? And what do you get for it?

Shaun Donovan:

Well, I guess I'm not thinking about it in quite those mercenary terms, Andrew. But what I would say is I believe congestion pricing is obviously a huge opportunity. I believe we can bring revenue there. I also believe we need to be looking aggressively at value capture opportunities. You'll remember that in the Bloomberg administration we funded the extension of the number Seven line through revenues from the development that was happening. I'm encouraged that while we've seen a decline in development, we do still see a significant amount of development that is happening in the City. I think the primary source, in addition to congestion pricing that we could look to there, is from value capture that would allow us to invest more capital in the City's transportation system.



Andrew Rein:

Well, thank you. And we're going to turn to our lightning round, as if the other rounds weren't fast enough. Would you set targets on a regular basis for PEGs and how big would those targets be?

Shaun Donovan:

In my own experience, and as you know, I was a federal Budget Director, but I was also on the receiving end of PEG targets as a Commissioner. Generally, I think between three and 10% and to have multiple tiers of them so that we have break glass scenarios if we need them for agencies.

Andrew Rein:

Would you support a legal requirement that the City deposit money into a rainy day fund each year when the economy is growing?

Shaun Donovan:

Yes.

Andrew Rein:

The City has 20,000 more employees than at the beginning of this administration, but it's down 10,000 from its peak. Do you think it should go higher or lower at this point?

Shaun Donovan:

Lower. I think, as I said earlier, it can be achieved through attrition and managing that effectively.

Andrew Rein:

The budget includes no future raises for City workers, currently. Would you grant raises even though there are current gaps or would you wait until you've found a way to pay for them?

Shaun Donovan:

I would grant raises in exchange for being able to achieve other kinds of savings in contracts. I think consolidation of benefit funds, prescription drug costs, I've laid out many different ways, I think working together with our unions, we could achieve savings and that's how I would fund those increases.

Andrew Rein:

Two more questions. One I can't help, but which would you enjoy more, three mayoral forums in a night or a two-hour line-by-line budget briefing by your Budget Director and staff?

Shaun Donovan:

I'm going to show myself to be a real budget wonk here. How about this? I'll take three budget briefings if they're all with CBC.



Andrew Rein:

Please, for the last, choose a topic, New York City music, food or sports?

Shaun Donovan:

Food.

Andrew Rein:

Food! Your favorite New York City food. Pizza, dumplings, patties, tostones, mofongo or street meat?

Shaun Donovan:

I'd have to say mofongo.

Andrew Rein:

Okay. We have two tonight for mofongo.

Shaun Donovan:

Oh, really?

Andrew Rein:

So thank you very much. I appreciate you being here and taking your time, because I know you're doing a lot of these.

Shaun Donovan:

Thank you, Andrew. And let me just say, if it isn't clear, I would love to have your support. I believe I'm the only candidate that hasn't just talked the talk on this, but actually walked the walk as Budget Director. As you know, we face the biggest budget deficit since World War II. By the time we left office, we'd reduced it faster than any time since World War II and actually got big things done. So we can do that too in New York.

Andrew Rein:

Thank you for joining us and have a great evening.

So I really appreciate, we had between three and four hundred, around 400 people joining us tonight. I hope that you all found it informative and helpful in making your decision when you go to vote. And please, if you're interested in these subjects, you want to learn more, please go to cbcny.org to learn more about the City's finances, about the State's finances and other issues like NYCHA, health and hospitals and the MTA.

Again, we thank the candidates for participating and we thank their staffs for helping. We thank all of you for joining. We also want to thank the press for all they're doing to inform the public on the issues in the debate. Thank you to CBC trustees for supporting us in all of our work. And, of course, our staff,



especially Kevin, Sam, Natalie, Heather and Ana. And we hope all of you have a wonderful evening. Take care.

[END]