

1 NEW YORK STATE SENATE

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4 THE STENOGRAPHIC RECORD

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9 ALBANY, NEW YORK

10 March 15, 2011

11 2:03 p.m.

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14 REGULAR SESSION

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18 SENATOR JOHN J. FLANAGAN, Acting President

19 FRANCIS W. PATIENCE, Secretary

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P R O C E E D I N G S

ACTING PRESIDENT FLANAGAN: The
Senate will come to order.

I ask everyone present to please
rise and repeat the Pledge of Allegiance.

(Whereupon, the assemblage recited
the Pledge of Allegiance to the Flag.)

ACTING PRESIDENT FLANAGAN: In
the absence of clergy, I would respectfully
ask that we bow our heads for a moment of
silence.

(Whereupon, the assemblage
respected a moment of silence.)

ACTING PRESIDENT FLANAGAN:
Reading of the Journal.

THE SECRETARY: In Senate,
Monday, March 14th, the Senate met pursuant to
adjournment. The Journal of Sunday,
March 13th, was read and approved. On motion,
Senate adjourned.

ACTING PRESIDENT FLANAGAN:
Without objection, the Journal stands approved
as read.

Presentation of petitions.

Messages from the Assembly.

1 Messages from the Governor.
2 Reports of standing committees.
3 Reports of select committees.
4 Communications and reports from
5 state officers.

6 Motions and resolutions.

7 Senator Libous.

8 SENATOR LIBOUS: Thank you,
9 Mr. President. At this time can we adopt the
10 Resolution Calendar, with the exception of
11 Resolution Numbers 830, 838, 845, 873 and 801.

12 ACTING PRESIDENT FLANAGAN: All
13 those in favor of adopting the Resolution
14 Calendar, with the exception of Resolutions
15 830, 838, 845, 873 and 801, signify by saying
16 aye.

17 (Response of "Aye.")

18 ACTING PRESIDENT FLANAGAN:
19 Opposed, nay.

20 (No response.)

21 ACTING PRESIDENT FLANAGAN: The
22 Resolution Calendar is adopted.

23 Senator Libous.

24 SENATOR LIBOUS: Thank you,
25 Mr. President.

1 Could we please call up Resolution
2 Number 801, by Senator Kennedy, and ask that
3 its title be read and move for its immediate
4 adoption.

5 ACTING PRESIDENT FLANAGAN: The
6 Secretary will read.

7 THE SECRETARY: By Senator
8 Kennedy, Legislative Resolution 801,
9 commemorating the 200th Anniversary of the
10 Town of Hamburg, New York, in 2012.

11 ACTING PRESIDENT FLANAGAN:
12 Senator Kennedy on the resolution.

13 SENATOR KENNEDY: Thank you,
14 Mr. President.

15 It is my distinct honor and
16 privilege to stand here today to commemorate
17 the 200th anniversary of the Town of Hamburg,
18 New York, wholly contained within the 58th
19 Senate District that I represent. Next year,
20 2012, represents the 200th commemorative
21 anniversary. The Town of Hamburg is located
22 on the shores of Lake Erie. It accounts for
23 9 miles of shoreline along Lake Erie, with a
24 population of roughly 56,000 people. It is a
25 manufacturing hub, with the Ford stamping

1 plant that is the manufacturer of the Ford
2 Edge, a car that many of us are familiar with
3 and even drive. It boasts over 9 miles of
4 shoreline, as I mentioned, and it is
5 internationally famous for the Devonian
6 fossils and outcroppings along the bank of
7 shale along Eighteen Mile Creek.

8 The town holds various community
9 events throughout the year, including the
10 famed Hamburg Burger Festival. It accounts
11 for one of the largest county fairs in the
12 United States that was established back in
13 1868.

14 And on March 20, 1812, the Town of
15 Hamburg was officially created, by an act of
16 this body and the New York State Legislature.
17 And during the next 50 years, the town became
18 a thriving agricultural community. By 1850,
19 the present borders of the Town of Hamburg
20 were created from its original boundaries.
21 The Village of Hamburg was incorporated in
22 1874; the Village of Blasdell, contained
23 within the town, in 1898.

24 In recognition of the rich history
25 and the enduring contribution the Town of

1 Hamburg has made to the heritage of the State
2 of New York, it's the intent of this honorable
3 legislative body to join in the commemorating
4 of the 200th anniversary of the Town of
5 Hamburg in 2012, so that the present and
6 future generations may come to appreciate the
7 unique significance which its history plays in
8 the progression of our state and nation's
9 evolution.

10 This honorable body today, I
11 appreciate you pausing in commemoration of the
12 200th anniversary of the Town of Hamburg.
13 Thank you very much.

14 ACTING PRESIDENT FLANAGAN: Thank
15 you, Senator Kennedy.

16 The question is on the resolution.
17 All those in favor signify by saying aye.

18 (Response of "Aye.")

19 ACTING PRESIDENT FLANAGAN:
20 Opposed, nay.

21 (No response.)

22 ACTING PRESIDENT FLANAGAN: The
23 resolution is adopted.

24 Senator Libous.

25 SENATOR LIBOUS: Mr. President,

1 at this time I have a resolution at the desk,
2 Number 830. I would ask that we read its
3 title and then just go ahead and move for its
4 immediate adoption.

5 ACTING PRESIDENT FLANAGAN: The
6 Secretary will read.

7 THE SECRETARY: By Senator
8 Libous, Legislative Resolution 830,
9 memorializing Governor Andrew M. Cuomo to
10 proclaim Tuesday, March 15, 2011, as
11 Agriculture Day in the State of New York.

12 ACTING PRESIDENT FLANAGAN: The
13 question is on the resolution. All those in
14 favor signify by saying aye.

15 (Response of "Aye.")

16 ACTING PRESIDENT FLANAGAN:
17 Opposed, nay.

18 (No response.)

19 ACTING PRESIDENT FLANAGAN: The
20 resolution is adopted.

21 Senator Libous.

22 SENATOR LIBOUS: Mr. President,
23 obviously I would like to open that up for
24 full sponsorship. So if anyone does not want
25 to be on the resolution, they should let the

1 desk know.

2 ACTING PRESIDENT FLANAGAN:

3 Senator Libous has opened his resolution for
4 cosponsorship. Anyone wishing not to be on
5 the resolution should notify the desk.

6 Senator Libous.

7 SENATOR LIBOUS: There's another
8 resolution at the desk, 838, by Senator
9 Griffo. Please have its title read and move
10 for its immediate adoption.

11 ACTING PRESIDENT FLANAGAN: The
12 Secretary will read.

13 THE SECRETARY: Legislative
14 Resolution 838, by Senator Griffo,
15 memorializing Governor Andrew M. Cuomo to
16 declare April 2011 as Financial Literacy Month
17 in the State of New York.

18 ACTING PRESIDENT FLANAGAN: The
19 question is on the resolution. All those in
20 favor signify by saying aye.

21 (Response of "Aye.")

22 ACTING PRESIDENT FLANAGAN:

23 Opposed, nay.

24 (No response.)

25 ACTING PRESIDENT FLANAGAN: The

1 resolution is adopted.

2 Senator Libous.

3 SENATOR LIBOUS: Mr. President,
4 Resolution Number 845 is at the desk by
5 Senator McDonald. Please have its title read
6 and ask for its immediate adoption.

7 ACTING PRESIDENT FLANAGAN: The
8 Secretary will read.

9 THE SECRETARY: Legislative
10 Resolution 845, by Senator McDonald,
11 commemorating the 40th Anniversary of SUNY
12 Empire State College.

13 ACTING PRESIDENT FLANAGAN:
14 Senator McDonald on the resolution.

15 SENATOR McDONALD: Thank you,
16 Mr. President. This is also sponsored by my
17 colleague Senator Hugh Farley.

18 This is to celebrate 40 years of
19 Empire State College. And with us we have
20 Dr. Alan Davis, who is the president, John
21 D'Agati, and David Henahan, who are here as
22 guests. Please stand.

23 This college was started in 1971.
24 It's a very unique concept. It's a College
25 Without Walls concept. You're able to turn

1 around and get a degree, an associate's, a
2 bachelor's, or a master's degree --
3 electronically, through computers or
4 telecommunications, or even one-on-one with
5 the faculty or a combination thereof. It's an
6 open system, and it's especially relevant to
7 our working-class community that we have.

8 We have over 20,000 students in the
9 system, and 75 percent or more are actually
10 employed, going back to improve themselves to
11 make them more valuable to us as producers in
12 our great New York State.

13 And I'm honored to have the
14 headquarters for this facility in Saratoga
15 Springs. They have 35 other site locations
16 throughout the state. The most recent one is
17 in the city of Troy, also in my district.

18 They've made a major impact to many
19 people throughout our district -- many people
20 in this building, in fact. I want to commend
21 them for their 40 years of service. They're a
22 tremendous neighbor in the city of Saratoga
23 Springs and every community that they're at.

24 So thank you, Empire State College.

25 ACTING PRESIDENT FLANAGAN: Thank

1 you, Senator McDonald.

2 Senator Farley on the resolution.

3 SENATOR FARLEY: Thank you,
4 Mr. President.

5 I rise in support of this to say
6 that we have an asset in this state called the
7 Empire State College, which is really an
8 incredible opportunity for people to extend
9 their education and get a degree.

10 As a professor, as a law professor
11 at the School of Business in SUNY Albany, I
12 was a contract author for this university and
13 also taught several correspondence classes for
14 people taking business law, wrote two
15 textbooks that were used very successfully.

16 And this is a great opportunity,
17 particularly for a lot of students who are
18 working and pursuing an education. And this
19 is their 40th anniversary. This is really one
20 of the hidden treasures of our state
21 educational system. And I rise in support and
22 call the attention of this body to this
23 magnificent institution which does so much for
24 our citizens.

25 Thank you, Mr. President.

1 ACTING PRESIDENT FLANAGAN: Thank
2 you, Senator Farley.

3 Senator LaValle on the resolution.

4 SENATOR LaVALLE: Thank you,
5 Mr. President.

6 I rise to join my two colleagues
7 Senator McDonald and Senator Farley in
8 congratulating and commemorating the 40 years
9 of the Empire State College. It is one of the
10 secret gems, secret gems within the SUNY
11 system. It provides opportunities
12 particularly for individuals who in their life
13 missed the opportunity to attend a community
14 college or a four-year school. And be able
15 to, at a later point in life, be able to use
16 their life experience and be able to join in
17 the programs that the Empire State program has
18 and allowing people to fulfill what was a
19 dream and a hope that they'd be able to
20 receive a baccalaureate degree and even a
21 master's degree.

22 So it is again one of the true gems
23 within the SUNY system. And I wish the Empire
24 State College and all of those people
25 associated, all the mentors and faculty and

1 administrators, another 40 years of success.

2 ACTING PRESIDENT FLANAGAN: Thank
3 you, Senator LaValle.

4 Senator Stavisky on the resolution.

5 SENATOR STAVISKY: On the
6 resolution, Mr. President.

7 I too want to commend the Empire
8 State College for its 40 years of service to
9 the students of New York State. In fact,
10 there's a member of my staff attending Empire
11 State College. And it's there for people
12 throughout the state to take advantage of the
13 benefits of a SUNY education and at the same
14 time adapt it to their own individual needs.

15 And I must say that as we debate
16 the bills today, or the resolutions today
17 dealing with the budget, let's remember the
18 importance and the contribution of SUNY and of
19 Empire State College so that Empire State
20 College can remain the affordable institution
21 providing a quality education to those people
22 in New York State.

23 I congratulate Empire State College
24 on 40 years, and it's just a wonderful part of
25 the wonderful SUNY 64-college system.

1 Thank you, Mr. President.

2 ACTING PRESIDENT FLANAGAN: Thank
3 you, Senator Stavisky.

4 Is there any other Senator wishing
5 to be heard?

6 Hearing none, the question is on
7 the resolution. All those in favor signify by
8 saying aye.

9 (Response of "Aye.")

10 ACTING PRESIDENT FLANAGAN:
11 Opposed, nay.

12 (No response.)

13 ACTING PRESIDENT FLANAGAN: The
14 resolution is adopted.

15 Gentlemen, thank you.

16 Senator Libous.

17 SENATOR LIBOUS: Mr. President,
18 there's a resolution at the desk, 655. It was
19 previously adopted by the house, a resolution
20 by Senator Farley. May we please have its
21 title read and call on Senator Farley.

22 ACTING PRESIDENT FLANAGAN: The
23 Secretary will read.

24 THE SECRETARY: Legislative
25 Resolution 655, by Senator Farley, recognizing

1 March of 2011 as Women's History Month.

2 ACTING PRESIDENT FLANAGAN:

3 Senator Farley on the resolution.

4 SENATOR FARLEY: Thank you,
5 Mr. President.

6 March 2011 is Women's History
7 Month. Throughout American history, women
8 have been instrumental in the success of many
9 important movements such as abolition,
10 emancipation and civil rights. Countless
11 charities, cultural institutions and
12 philosophic organizations were started by
13 women, and they owe their longevity to women.
14 Incidentally, my mother was a suffragette.

15 The Schenectady Business and
16 Professional Women's Club will celebrate
17 Women's History Month throughout March,
18 including a panel presentation on March 22nd
19 based on this year's theme, "Our History is
20 Our Strength."

21 Today in the chambers with us we
22 have the Business and Professional Women's
23 president, Jane Osterhout, right over here.
24 Jane, if you'd stand up. And also with us is
25 a BPW, or Business and Professional Women's

1 member, Cindy Powell, who's a dear friend of
2 mine.

3 Mr. President, I would ask that you
4 welcome these outstanding women in my
5 community and give them the privileges of this
6 chamber.

7 (Applause.)

8 ACTING PRESIDENT FLANAGAN: Thank
9 you, Senator Farley. Of course, given the
10 fact that they are your friends, we will
11 certainly welcome them to the Senate chamber.

12 Enjoy your day, ladies.

13 This resolution was previously
14 adopted.

15 Senator Libous.

16 SENATOR LIBOUS: Thank you,
17 Mr. President.

18 At this time there's a privileged
19 resolution at the desk by Senator Ritchie.
20 May we please have the title read and move for
21 its immediate adoption.

22 ACTING PRESIDENT FLANAGAN: The
23 Secretary will read.

24 THE SECRETARY: Legislative
25 resolution by Senator Ritchie, commending the

1 New York Farm Bureau on the occasion of
2 celebrating its 100th Anniversary, and
3 saluting the outstanding service of its
4 members and staff on behalf of the
5 agricultural community and the people of
6 New York.

7 ACTING PRESIDENT FLANAGAN:

8 Senator Libous.

9 SENATOR LIBOUS: I just want to
10 make note, Mr. President -- Senator Ritchie
11 has that resolution before the house, the
12 100th anniversary of the Farm Bureau -- and I
13 just want to make it noted that the Farm
14 Bureau started in Broome County. And I know
15 some of you are shocked to hear that, but it's
16 a fact. And we're very proud.

17 And earlier I had a resolution on
18 the floor and I didn't want to get up twice; I
19 thought it would be appropriate to speak on
20 one of the resolutions about Agriculture
21 Month.

22 We are very blessed in this state
23 to have the great farmers that we have and the
24 agriculture economy that we have in this
25 state. And I know sometimes this house gets

1 involved in a number of different debates.
2 And as Senator Smith likes to say that we are
3 one New York, and we indeed, sir, are. And
4 certainly Manhattan is different from upstate
5 New York and Long Island is different from
6 Western New York.

7 But we are very blessed to have the
8 Farm Bureau and the members that are dedicated
9 to the Farm Bureau celebrating its 100th
10 anniversary. And I'm very proud to stand on
11 the floor and say that it started off in a
12 place called Broome County that I represent.

13 ACTING PRESIDENT FLANAGAN: Thank
14 you, Senator Libous.

15 Senator Liz Krueger on the
16 resolution.

17 SENATOR LIZ KRUEGER: Thank you.
18 I also am proud to stand up in support of
19 Senator Libous's resolution in honor of the
20 Farm Bureau.

21 I did not know it started in Broome
22 County. But since he referenced that
23 Manhattan and Broome County are somewhat
24 different, I wanted to note for the record my
25 home that I live in in Manhattan was an

1 original farmhouse from 1765, when the area of
2 Manhattan I represent was filled with pig
3 farms, and mine was the house of the original
4 pig farmer in the East 70s and 80s.

5 So Manhattan also has a proud
6 history of farming, although to be honest it's
7 been a while since we had any working farms in
8 Manhattan.

9 So thank you very much,
10 Mr. President.

11 ACTING PRESIDENT FLANAGAN: Thank
12 you, Senator Krueger.

13 Is there any other Senator wishing
14 to be heard?

15 Hearing none, the question is on
16 the resolution. All those in favor signify by
17 saying aye.

18 (Response of "Aye.")

19 ACTING PRESIDENT FLANAGAN:
20 Opposed, nay.

21 (No response.)

22 ACTING PRESIDENT FLANAGAN: The
23 resolution is adopted.

24 Senator Libous.

25 SENATOR LIBOUS: Mr. President,

1 Senator Ritchie has asked that if members want
2 to cosponsor the resolution, as we always do;
3 and that if someone does not want to cosponsor
4 the resolution, please let the desk know.

5 Mr. President, as we move along
6 with resolutions today, we have a resolution,
7 a privileged resolution at the desk by Senator
8 Klein. May we have its title read and move
9 for its immediate adoption.

10 ACTING PRESIDENT FLANAGAN: The
11 Secretary will read.

12 THE SECRETARY: By Senator Klein,
13 legislative resolution memorializing Governor
14 Andrew M. Cuomo to proclaim March 6 through
15 12, 2011, as Problem Gambling Awareness Week
16 in the State of New York.

17 ACTING PRESIDENT FLANAGAN: The
18 question is on the resolution. All those in
19 favor signify by saying aye.

20 (Response of "Aye.")

21 ACTING PRESIDENT FLANAGAN:
22 Opposed, nay.

23 (No response.)

24 ACTING PRESIDENT FLANAGAN: The
25 resolution is adopted.

1 Senator Libous.

2 SENATOR LIBOUS: Mr. President,
3 there is another privileged resolution at the
4 desk, by Senator Squadron. May we please have
5 its title read and move for its immediate
6 adoption.

7 ACTING PRESIDENT FLANAGAN: The
8 Secretary will read.

9 THE SECRETARY: By Senator
10 Squadron, legislative resolution memorializing
11 Governor Andrew M. Cuomo to proclaim March 24,
12 2011, as PKD Day in the State of New York.

13 ACTING PRESIDENT FLANAGAN: The
14 question is on the resolution. All those in
15 favor signify by saying aye.

16 (Response of "Aye.")

17 ACTING PRESIDENT FLANAGAN:
18 Opposed, nay.

19 (No response.)

20 ACTING PRESIDENT FLANAGAN: The
21 resolution is adopted.

22 Senator Libous.

23 SENATOR LIBOUS: Thank you,
24 Mr. President.

25 There is another resolution at the

1 desk, Mr. President, by Senator Parker. May
2 we please have its title read and ask for its
3 immediate adoption.

4 ACTING PRESIDENT FLANAGAN: The
5 Secretary will read.

6 THE SECRETARY: By Senator
7 Parker, legislative resolution mourning the
8 death of Carolyn Donnett McCulloch,
9 distinguished citizen and devoted member of
10 her community.

11 ACTING PRESIDENT FLANAGAN: The
12 question is on the resolution. All those in
13 favor please signify by saying aye.

14 (Response of "Aye.")

15 ACTING PRESIDENT FLANAGAN:
16 Opposed, nay.

17 (No response.)

18 ACTING PRESIDENT FLANAGAN: The
19 resolution is adopted.

20 Senator Libous.

21 SENATOR LIBOUS: Thank you,
22 Mr. President.

23 We have another privileged
24 resolution at the desk, by Senator Rivera.
25 May we have its title read and move for its

1 immediate adoption.

2 ACTING PRESIDENT FLANAGAN: The
3 Secretary will read.

4 THE SECRETARY: By Senator
5 Rivera, legislative resolution memorializing
6 Governor Andrew M. Cuomo to proclaim Tuesday,
7 March 15, 2011, as Single Mothers Day in the
8 State of New York.

9 ACTING PRESIDENT FLANAGAN: The
10 question is on the resolution. All those in
11 favor signify by saying aye.

12 (Response of "Aye.")

13 ACTING PRESIDENT FLANAGAN:
14 Opposed, nay.

15 (No response.)

16 ACTING PRESIDENT FLANAGAN: The
17 resolution is adopted.

18 Senator Libous.

19 SENATOR LIBOUS: Thank you,
20 Mr. President.

21 I believe Senator Rivera would like
22 to open up his resolution for cosponsorship.
23 And at this time, if there's anyone who wishes
24 not to cosponsor the resolution, please notify
25 the desk.

1 ACTING PRESIDENT FLANAGAN:

2 Senator Libous.

3 SENATOR LIBOUS: Thank you,
4 Mr. President.

5 There's a privileged resolution at
6 the desk. May we please have its title read
7 and move for its immediate adoption.

8 ACTING PRESIDENT FLANAGAN: The
9 Secretary will read.

10 THE SECRETARY: By Senator
11 Skelos, Senate resolution adopting proposed
12 amendments to the 2011-2012 Executive Budget
13 submission (Legislative Senate Bills 2800C,
14 2803C, 2804B, 2807B, 2808B, 2809C, 2810B,
15 2811B, 2812B, 3164, and 4007) as amended with
16 the legislative intent appended hereto as the
17 "Report on the Amended State Fiscal Year
18 2011-2012 Executive Budget."

19 ACTING PRESIDENT FLANAGAN: The
20 question is on the resolution. All those in
21 favor signify by saying aye.

22 SENATOR LIZ KRUEGER:
23 Explanation, please, Mr. President.

24 ACTING PRESIDENT FLANAGAN:
25 Senator Krueger has requested an explanation,

1 Senator DeFrancisco.

2 SENATOR DeFRANCISCO: Thank you.

3 This year we are in a process that
4 I think is worth noting. Back in 2007, a
5 Budget Reform Act was passed where everyone
6 was proud of themselves for having passed such
7 a far-reaching reform of the budget process.
8 And in 2008, we followed the procedure under
9 that law and came up with an on-time budget.
10 We haven't done that for the last couple of
11 years. And we're back to following the law
12 this year, I'm happy to say.

13 That law has been followed all the
14 way through the process up to today's date.
15 All the deadlines have been met. And today's
16 the date for each house to pass a version of
17 the budget that they believe is the budget
18 that should pass overall in this state. The
19 Assembly is involved in the same exercise as
20 we are today as well.

21 And ultimately, once the budgets
22 are passed in each house, we're going to open
23 conference committees so that it can be
24 discussed, both can be discussed in the open
25 where Assembly members and Senators can give

1 their opinions on both budgets and try to
2 reconcile the differences so that we have a
3 process that's correct and a good budget and
4 the world knows what's in the budget well,
5 well before the last three days.

6 As far as the substance of the
7 budget, you should know that this budget, the
8 All Funds -- whether it's federal or state
9 funds -- budget is \$3.5 billion, with a B,
10 less than last year's budget. Which is
11 significant, because we're in a situation now
12 where the budget has gotten out of control and
13 we have to cut. But it's \$3.5 billion less
14 than the budget was last year.

15 In addition, the budget that we're
16 proposing here is a document that is a
17 resolution adopting the report showing changes
18 to a budget, a 1500-page Senate budget that is
19 also on everyone's desk. And that's been on
20 everyone's desk for at least four days now,
21 for four days. So everyone should have had
22 adequate time to go through that budget, as I
23 did when it was first printed and first made
24 public.

25 This 50-page resolution has some

1 modifications to this budget that are very
2 clearly spelled out for everyone to read. And
3 this budget that the Senate is proposing is
4 approximately \$50 billion -- excuse me,
5 \$50 million -- I get my B's and my M's
6 confused -- \$50 million less than the
7 Governor's budget. So as a practical matter,
8 we're very close with the Governor on his
9 spending goals.

10 It does change several things, and
11 I'll go through a couple of the highlights and
12 then answer any questions that -- specific
13 questions that anyone might have.

14 The first thing that it did is
15 we've been saying for a long time that there
16 should not be unfunded mandates to localities.
17 And we found in the Governor's budget there
18 was some spending that was lined out by the
19 Governor's budget that was left to the
20 counties and the localities to take care of
21 which was previously a state obligation. And
22 we felt that passing on some of these problems
23 to the local governments would just exacerbate
24 their problems and was not the right thing to
25 do.

1 And the total amount of cost shifts
2 that we have corrected here in this budget are
3 \$296 million that otherwise would have gone
4 for additional expenses to the counties --
5 that were state expenses -- back to the state
6 where it truly belongs.

7 In addition, when the Governor's
8 school aid runs came out, there was a
9 substantial disparity or at least a disparity
10 enough to deal with in a more fair manner for
11 upstate rural school districts. And so there
12 is approximately \$280 million of additional
13 school aid in this budget than was in the
14 Governor's budget. And it's primarily to deal
15 with high-needs rural districts. Because when
16 the runs came out, many of the upstate rural
17 districts had cuts in the high teens or low
18 20 percent, which was totally unsustainable by
19 those districts.

20 It's not a lot of money, but at
21 least it provides for some more fairness for
22 those districts that got hit unintentionally
23 by the Governor's budget to certain rural
24 school districts.

25 There are also many changes along

1 the lines of Governor's recommendations or
2 Governor's budget that provided for lump sums
3 that previously were separate lined-out items
4 for various programs, whether it's the rural
5 preservation districts or whether it's
6 agriculture or whatever it might be. And
7 those grants were sandwiched together and
8 subject to competitive grants.

9 We felt that that was very
10 difficult for local organizations to really
11 plan from year to year whether they're even
12 going to have an appropriation, not knowing
13 whether they will win the competition. And we
14 felt that it would be better to line out those
15 items.

16 There was a mention earlier about
17 this is the hundredth anniversary of the Farm
18 Bureau that was born in Broome County. And
19 many if not all of the agricultural funding
20 for various programs that were taken out by
21 the Governor's budget are restored in this
22 budget. Agriculture is our number-one
23 business.

24 So there's restorations such as
25 that. How do we pay for it, you might ask.

1 Before you ask, I'll tell you. There was two
2 discretionary funds that the Governor had that
3 were going to be competitive grants for
4 education. And we thought -- generally, we
5 like competitive grants on this side the
6 aisle. We think competition is generally good
7 and we think that the best programs should be
8 funded. But in a situation when you had to
9 choose between some districts getting high
10 teens and low 20 percent reductions in school
11 aid, that this wasn't the year really to start
12 this until we could get in a better economic
13 climate. So we decided to use \$300 million of
14 that to offset the educational restorations.

15 In addition, human services,
16 \$240 million in restorations, \$232 million in
17 reprogramming and other cuts. The MRT, we
18 restored \$158 million, financed with
19 \$395 million of cuts and reestimation of
20 revenues. And then there are additional cuts
21 made to the tune of \$260 million, the
22 specifics of which I can address if there's
23 any questions about that.

24 So each of the restorations were
25 supported by a balance by other cuts in other

1 areas.

2 And that generally is what this
3 budget resolution provides for. And I'd be
4 happy to respond to any questions that there
5 might be.

6 ACTING PRESIDENT FLANAGAN:

7 Senator Krueger, why do you rise?

8 SENATOR LIZ KRUEGER: Thank you,
9 Mr. President. If the sponsor would please
10 yield.

11 ACTING PRESIDENT FLANAGAN:

12 Senator DeFrancisco, will you yield to a
13 question?

14 SENATOR DeFRANCISCO: Yes, I
15 would.

16 SENATOR LIZ KRUEGER: Thank you.
17 I appreciated very much the sponsor's
18 explanation of the bills.

19 And yes, it's true those bills have
20 been sitting on the desks for four days.
21 They're pretty big. The 50-page explanation I
22 believe we got a few hours ago, or an earlier
23 version. So just for the record, some of us
24 haven't had that much time to really look at
25 the changes.

1 But to start, if the sponsor would
2 please tell me if the Senate Majority plan
3 being put before us today is a balanced plan.
4 Does the income and revenue and the
5 expenditures match?

6 SENATOR DeFRANCISCO: Yes. I
7 think I just mentioned that when I answered my
8 own question "how do we pay for it, you might
9 ask." And there are other cuts in other areas
10 to offset the restoration.

11 SENATOR LIZ KRUEGER: Mr.
12 President, if the sponsor would please
13 continue to yield.

14 ACTING PRESIDENT FLANAGAN:
15 Senator DeFrancisco, will you continue to
16 yield?

17 SENATOR DeFRANCISCO: Yes.

18 SENATOR KRUEGER: Thank you. You
19 stated in your explanation that this plan is
20 \$3.5 billion less in General Fund money than
21 last year's budget, I believe. How does that
22 compare with the Governor's proposed budget?

23 SENATOR DeFRANCISCO: All Funds
24 budget. And it's approximately \$47 million to
25 \$50 million less than the Governor's budget,

1 which I explained earlier.

2 SENATOR LIZ KRUEGER: Thank you.
3 Mr. President, if the sponsor would continue
4 to yield.

5 ACTING PRESIDENT FLANAGAN:
6 Senator DeFrancisco, will you continue to
7 yield?

8 SENATOR DeFRANCISCO: Yes.

9 SENATOR LIZ KRUEGER: Thank you.
10 Would you reiterate for me, because
11 you mentioned a number of different sections,
12 how much in total you're restoring to the
13 budget that the Governor's proposed budget
14 actually had bracketed?

15 SENATOR DeFRANCISCO: Yes. Let
16 me go through the list. There was
17 \$280 million in school aid. We took over
18 \$296 million of previous cost shifts to local
19 governments. We restored \$158 million in the
20 health area. And we made certain restorations
21 to SUNY hospitals and community colleges to
22 the tune of \$131 million. And there are other
23 smaller ones that are out there.

24 SENATOR LIZ KRUEGER: Thank you.
25 Mr. President, if through you the

1 sponsor would continue to yield.

2 SENATOR DeFRANCISCO: Yes.

3 SENATOR LIZ KRUEGER: Thank you.

4 And what were the changes in
5 revenues proposed in your budget? What
6 revenues were reduced, if any?

7 SENATOR DeFRANCISCO: I'm not
8 sure I understand that. What revenues were
9 reduced? The revenue projections were made by
10 the agreement of the Senate, the Assembly, and
11 the Governor as far as what revenues were
12 available for this budget. That's what we
13 were working off of. And the spending was
14 reduced by about \$47 million.

15 SENATOR LIZ KRUEGER: I don't --
16 I'm sorry. Through you, Mr. President, if the
17 sponsor would continue to yield.

18 ACTING PRESIDENT FLANAGAN:
19 Senator DeFrancisco, will you continue to
20 yield?

21 SENATOR DeFRANCISCO: Yes.

22 SENATOR LIZ KRUEGER: Thank you.

23 I think perhaps the sponsor didn't
24 understand my question. I was trying to
25 understand does this budget resolution have

1 any decreases in revenue for the state
2 compared to the Governor's proposed budget.

3 SENATOR DeFRANCISCO: There was
4 one that I can think of. There may be others.
5 But there was a proposal by the Governor to
6 close a tax break that cooperative insurance
7 companies have had since 1896 or thereabouts,
8 about the time Senator Johnson came to the
9 Senate.

10 (Laughter.)

11 SENATOR DeFRANCISCO: Just
12 kidding, Owen.

13 But in any event, in order to
14 charge these cooperative insurance companies
15 with an additional 2 percent that other
16 insurance companies are required to pay. That
17 was rejected by the Senate, so it meant
18 \$20 million of less revenue than would have
19 been in the Governor's proposal. That's the
20 only one I can think of.

21 SENATOR LIZ KRUEGER: But to
22 stay -- excuse me, Mr. President. If through
23 you the sponsor would continue to yield.

24 ACTING PRESIDENT FLANAGAN:
25 Senator DeFrancisco, will you continue to

1 yield?

2 SENATOR DeFRANCISCO: Yes.

3 SENATOR LIZ KRUEGER: So staying
4 on the discussion of revenues reduced, I
5 believe that I show that there's a
6 \$265 million reduction expected from the 18-a
7 assessment change for fiscal year 2011-2012.
8 Could you clarify that we're not reducing
9 revenue from the 18-a assessment as it's seen
10 on page 46 of 50?

11 SENATOR DeFRANCISCO: Yes, I can
12 answer that. That assessment reduction comes
13 in the next fiscal year.

14 And there was one other reduction
15 that I forgot about that I was just reminded
16 about, is that there's about \$70 million that
17 the school districts in the MTA region were
18 previously paying for the commuter tax or
19 whatever it's called, the MTA tax, that we are
20 exempting in our budget both the public and
21 parochial schools or the private schools from
22 paying. So that would be additional funding
23 that isn't in our budget because we're
24 exempting school districts from the MTA tax.

25 SENATOR LIZ KRUEGER: Thank you.

1 If through you, Mr. President, the
2 sponsor would continue to yield.

3 ACTING PRESIDENT FLANAGAN:
4 Senator DeFrancisco, will you continue to
5 yield?

6 SENATOR DeFRANCISCO: Yes, I
7 would.

8 SENATOR LIZ KRUEGER: Thank you.
9 And have you made any revenue
10 increases in this budget compared to the
11 Governor's budget?

12 SENATOR DeFRANCISCO: Well,
13 there's one. And by the way, before I
14 respond, on page 46 of the 50-page booklet,
15 with respect to 18-a assessments, the last
16 line of that paragraph says "These provisions
17 are not intended to have any impact in the
18 2011-2012 state fiscal year." So that was
19 specified that it wasn't in this year's
20 budget.

21 Secondly, there is a provision that
22 some may like, some may not like -- because
23 there was a vote on this bill last year for --
24 I don't know if you called it mixed martial
25 arts or you call it ultimate fighting or you

1 call it whatever you'd like to call it. But
2 we're assuming if that happens there will be
3 some additional revenue in the budget as a
4 result of normal taxes that have to be paid by
5 any type of event, and including this new
6 authorized event if the budget passes in this
7 fashion.

8 SENATOR LIZ KRUEGER: Mr.
9 President, if through you the sponsor would
10 continue to yield.

11 SENATOR DeFRANCISCO: Yes.

12 SENATOR LIZ KRUEGER: Thank you.

13 Are there any sweeps of accounts in
14 this budget proposal as opposed to the
15 Governor's proposal?

16 SENATOR DeFRANCISCO: I had to
17 get some help on that one. There is
18 approximately -- well, less than a
19 \$100 million in miscellaneous accounts that
20 had not been spent.

21 SENATOR LIZ KRUEGER: Thank you.

22 Mr. President, if through you the
23 sponsor would continue to yield.

24 ACTING PRESIDENT FLANAGAN:
25 Senator DeFrancisco?

1 SENATOR DeFRANCISCO: Yes.

2 SENATOR LIZ KRUEGER: Thank you.

3 Is the state's debt load going to
4 increase? And what is the Republicans' plan,
5 as submitted to us today, to reduce the costs
6 of debt for the state?

7 SENATOR DeFRANCISCO: Well, has
8 the debt been increased? We don't add any
9 more debt. And the debt will be decreased as
10 we pay our debt off in the ordinary course of
11 business, as the state pays its debt as it has
12 to every year. So there's no additional debt.
13 But there will be reduction as we pay our
14 normal expenses.

15 SENATOR LIZ KRUEGER: Mr.
16 President, if through you the sponsor would
17 continue to yield.

18 ACTING PRESIDENT FLANAGAN:
19 Senator DeFrancisco, will you continue to
20 yield?

21 SENATOR DeFRANCISCO: Yes.

22 SENATOR LIZ KRUEGER: Thank you.

23 The reason for my prior question is
24 by doing an adding up of the new costs in the
25 proposal before us today, minus the new

1 revenue, adding back the additional expenses
2 minus not a lot of new revenue, and accepting
3 that the 265 Article 18-a number was
4 incorrect -- and that's the one of the changes
5 that was made in the new version I got today,
6 so thank you -- it seems that this budget
7 resolution adds an additional billion dollars
8 in costs to the proposal that the Governor had
9 made but doesn't have a billion dollars in new
10 revenue.

11 So I assume that means we're going
12 to have to take on additional debt. And we
13 already have -- between 1997 and 2008, the
14 state's debt grew from \$31 billion to
15 \$54 billion, causing the debt load
16 attributable to each man, woman and child, it
17 grew from \$1,774 to \$2,676.

18 So I'm concerned that if this
19 proposal we're being asked to vote on today
20 adds an additional billion dollars in costs
21 without a billion dollars in new revenue, that
22 we in fact will take on a billion dollars in
23 new debt. So again, I'll ask the sponsor to
24 clarify: We don't have a billion dollars in
25 new debt from this proposal?

1 SENATOR DeFRANCISCO: That is
2 correct. But it's good to see this year that
3 you don't want to borrow money. Because over
4 the last two years there was a big push to
5 borrow money so we could pay for more things
6 that the majority wanted to pay for. So it's
7 good to see that you're very interested in the
8 amount of debt that the state has.

9 However, you're factually
10 incorrect. I indicated what was added, the
11 restorations. I indicated at the outset what
12 the cuts were in other programs that were in
13 the Governor's budget. So it is balanced.

14 And unlike the last two years, we
15 do have a financial plan. And we will be more
16 than happy to give you the specifics in a
17 financial plan so that you can work through
18 the numbers as we have had the opportunity to
19 do. It does balance, and there's no new debt.

20 SENATOR LIZ KRUEGER: Mr.
21 President, if through you the sponsor would
22 continue to yield.

23 ACTING PRESIDENT FLANAGAN:
24 Senator DeFrancisco, will you continue to
25 yield?

1 SENATOR DeFRANCISCO: Yes.

2 SENATOR LIZ KRUEGER: Yes, I
3 would like to accept your offer of seeing a
4 financial plan, which unfortunately we as of
5 now have not seen.

6 And again, our numbers attempting
7 to add and subtract up, without seeing a
8 financial plan, leads us to believe that
9 actually there is a billion dollars more in
10 expenses than revenue from this new proposal.
11 So thank you for the offer. I guess we we'll
12 get it after the vote is taken today.

13 Is there any -- Mr. President, if I
14 can continue with my question, is there any
15 property tax relief proposal in this
16 resolution of any sort?

17 SENATOR DeFRANCISCO: Well, only
18 indirectly, insofar as we did in fact prevent
19 200 and I think it was \$90 million in cost
20 shifts to local governments. That's in there.
21 And in addition, it's pointed out the current
22 STAR program is still being funded, which is
23 also relief to the local taxpayers.

24 But unfortunately, we're in a
25 situation now, having overspent, spent

1 \$14 billion more in the last two years and
2 taxed \$14 billion more in the last two years,
3 that we're in trouble right now and we can't
4 give the tax relief we would like. And
5 hopefully some of the unfunded mandates that
6 might come out of this budget that would be
7 taken care of can give further relief to the
8 counties.

9 And one other thing. You had
10 mentioned earlier that there was a billion
11 dollars of extra spending. The only real
12 restorations are \$350 million in school aid,
13 \$150 million in health, \$150 million in higher
14 ed, which comes to \$650 million. So even the
15 adds don't add up to a billion dollars even if
16 you don't take into account the other cuts in
17 other areas of the budget.

18 So I think the numbers are wrong,
19 and hopefully the financial plan will help you
20 see that.

21 SENATOR LIZ KRUEGER: Mr.
22 President, if the sponsor would continue to
23 yield.

24 SENATOR DeFRANCISCO: Yes.

25 SENATOR LIZ KRUEGER: Thank you.

1 Well, to date -- the financial plan
2 I was just handed across the aisle looks like
3 this and has basically three lines explaining
4 the numbers in the budget. So I actually
5 don't think this is a legitimate financial
6 plan.

7 We have attempted to add up as much
8 as we could through the budget that we were
9 given by our colleagues on the other side of
10 the aisle, and we see \$429 million for
11 education, \$141 million for higher education,
12 \$10 million with pluses and minuses for local
13 government. Reductions -- excuse me.
14 \$32 million for Ag and Markets, \$70 million
15 for OCFS, \$30 million for OTDA, \$44 million
16 for health.

17 We have at least four pages of
18 attempted breakdown of numbers that, again, we
19 believe do actually add up to a billion
20 dollars when you take the reductions and the
21 increases, the revenue decreases and the
22 revenue -- the revenue decreases.

23 Just for the record, can we --
24 excuse me, Mr. President. If through you I
25 may ask the sponsor an additional question.

1 ACTING PRESIDENT FLANAGAN:

2 Senator DeFrancisco?

3 SENATOR DeFRANCISCO: Yes.

4 SENATOR LIZ KRUEGER: Thank you.

5 You talked about changing the
6 education formula. You specifically talked
7 about wanting to make some changes to the
8 Governor's proposal by shifting some funding
9 to, as I believe you described it, high-needs
10 upstate areas.

11 Now, several years ago -- actually,
12 when my Republican colleagues also were in the
13 majority, we changed the education formula of
14 base aid to education to reflect challenges in
15 the courts of the fact that we were
16 disproportionately underfunding some
17 high-needs school districts throughout the
18 State of New York. And those included urban
19 poor areas as well as rural poor areas.

20 Today's proposal shifts money to a
21 specific subset and actually violates the
22 concept of the fair-education-base formulas.
23 So somebody is gaining. Who's losing in this
24 proposal?

25 SENATOR DeFRANCISCO: Senator,

1 first of all, we're not shifting anything.
2 It's the Governor's proposal. We're adding an
3 additional \$280 million to education. And
4 we're adding it by looking at those districts
5 that got disproportionate cuts.

6 This is a big state. So anything
7 the Governor provided for for any district in
8 this state is going to get what the Governor
9 provided. We refocused the competitive grant
10 portion of the budget to hit those districts
11 so the districts that were getting the
12 disproportionate cuts percentagewise were
13 provided a little more money. Which, believe
14 me, is not going to excite them very much when
15 you're splitting \$280 million throughout the
16 whole state but 60 percent is up in upstate
17 and other areas also receive it -- I guess
18 Long Island gets about 13 percent, and
19 New York City gets the rest.

20 But it tries to equalize the
21 percentage losses as -- not equalize, but make
22 it at least a little bit fairer. So it's not
23 a shifting. Everyone gets what the Governor
24 proposed, but we're redirecting other funds to
25 those hit the hardest by his proposal.

1 Secondly, you're denigrating this
2 sheet of paper. All this sheet of paper is,
3 the financial plan, is adding the numbers that
4 in this book, a detailed summary of our
5 budget. And it shows you what the numbers
6 are. And you can certainly do the same thing.
7 And if your numbers are different, we'd be
8 happy to talk to you about the differences and
9 show you that these numbers are correct.

10 And this is a stark contrast with
11 our first budget debate and our second and our
12 third and our 25th budget debate last year,
13 where I was told that the budget was not ready
14 yet, it was being percolated and we were
15 meeting and we were -- nothing was provided,
16 not even a financial plan when the final
17 budget was being voted on.

18 So we have been open, we have been
19 transparent, and these numbers are correct.
20 And there's nothing to denigrate. You should
21 be thanking us so that you on that side of the
22 aisle now have information that I did not have
23 when I was asking the questions that you're
24 asking now.

25 SENATOR LIZ KRUEGER: Thank

1 you -- oh, Mr. President, you've changed.

2 ACTING PRESIDENT GRIFFO: Senator
3 Krueger.

4 SENATOR LIZ KRUEGER: You took me
5 by surprise.

6 ACTING PRESIDENT GRIFFO: All for
7 the good.

8 SENATOR LIZ KRUEGER: Mr.
9 President, if the sponsor would continue to
10 yield.

11 ACTING PRESIDENT GRIFFO: Senator
12 DeFrancisco, do you continue to yield?

13 SENATOR DeFRANCISCO: Yes. Yes.

14 ACTING PRESIDENT GRIFFO: Senator
15 Krueger.

16 SENATOR LIZ KRUEGER: Thank you.
17 And I certainly appreciate the sponsor's
18 responses and his willingness to have an open
19 debate before the public. And yes indeed, we
20 can all do better. This is my second day as
21 the ranker in Finance. And I am hoping that I
22 will do better. And I look forward to
23 continuing my work with Senator DeFrancisco
24 and the Finance Committee through this budget
25 process and beyond.

1 ACTING PRESIDENT GRIFFO: Senator
2 Krueger, do you have a question?

3 SENATOR LIZ KRUEGER: I do.
4 Thank you so much, Mr. President.

5 Senator DeFrancisco just referenced
6 that there was \$300 million for competitive
7 grants for the school districts in this budget
8 plan. Is there actually cash behind that
9 \$300 million, or is that a dry appropriation?

10 SENATOR DeFRANCISCO: Yes. We
11 were informed that there was at least 300 --
12 and that's what we used -- by the
13 administration.

14 And also at the budget hearings,
15 when we discussed the education budget, we
16 were fortunate enough to have the Lieutenant
17 Governor appear before our committee, the
18 joint committee of the Senate Finance and the
19 Assembly Ways and Means, and that very
20 question was asked the Lieutenant Governor.
21 And he said yes, there is money behind that
22 budget. And in private discussions, that has
23 been reconfirmed.

24 SENATOR LIZ KRUEGER: Thank you.
25 If through you, Mr. President, the

1 sponsor could continue to yield.

2 SENATOR DeFRANCISCO: Yes.

3 ACTING PRESIDENT GRIFFO: Senator
4 DeFrancisco continues to yield.

5 Senator Krueger.

6 SENATOR LIZ KRUEGER: Thank you.

7 I'm not sure I agree that there's
8 cash behind that \$300 million. But again, I
9 just want to understand his answer on the
10 education funding formula changes.

11 Again, somebody is gaining money in
12 the budget proposal offered by the Republican
13 Majority today, and so I'm assuming somebody
14 is also losing. So could he clarify? Because
15 I think he tried to explain but I did not
16 understand what -- if high-need upstate rural
17 areas are gaining in changing the formula, who
18 is actually losing? Or is anywhere else
19 besides the upstate rural areas gaining?

20 SENATOR DeFRANCISCO: First of
21 all, no one is losing. Everything that the
22 Governor put in the budget, his budget, to go
23 to each district throughout the state is not
24 being reduced.

25 However, the additional

1 \$280 million was directed towards those
2 districts that had the highest percentage
3 decrease in funding under the Governor's
4 funding just to, with this small amount of
5 money in terms of education funding, to try to
6 in some way reduce the harm to those
7 districts. In fact, under the additional
8 \$280 million, though most of the money is
9 going upstate to these rural districts, every
10 region, including New York City, is getting
11 additional funds out of this \$280 million.

12 So there happens to be a State of
13 New York that has different regions. And
14 there are Senators in each one of those
15 regions that represent those regions. And
16 when one region is not being -- is getting a
17 greater percentage of the cut, I think it's
18 the obligation of all Senators to make sure
19 that that doesn't happen so some areas are not
20 treated unfairly.

21 And that was the purpose of finding
22 the additional money and giving additional
23 money to all districts; however, the most of
24 which went to those districts that are hurt
25 the most under the Governor's budget with the

1 greatest decrease.

2 SENATOR LIZ KRUEGER: Mr.
3 President, if the sponsor could please yield.

4 SENATOR DeFRANCISCO: Yes.

5 ACTING PRESIDENT GRIFFO: Senator
6 DeFrancisco continues to yield.

7 SENATOR LIZ KRUEGER: Thank you.

8 Just, again, this is where I wish
9 we had actual runs for each school district of
10 the change proposal. Are there runs that have
11 been done on your proposal for education aid
12 as opposed to what we have already been able
13 to see in the Governor's proposal?

14 SENATOR DeFRANCISCO: There have
15 been no runs. And I have not seen any. And I
16 don't believe any member of the Senate has
17 seen any. But there was a change in the
18 formula, and I'd like to, if I could, yield to
19 Senator Flanagan to explain the details of
20 that portion, since this is his area and he
21 was intimately involved in making sure that
22 this attempt at more fairness in the
23 distribution of State Ed money actually became
24 a reality.

25 ACTING PRESIDENT GRIFFO: Senator

1 Krueger, the chair will recognize Senator
2 Flanagan without objection.

3 SENATOR LIZ KRUEGER: Certainly.

4 ACTING PRESIDENT GRIFFO: Senator
5 Flanagan.

6 SENATOR FLANAGAN: Thank you,
7 Mr. President.

8 Senator Krueger, you had raised a
9 couple of different questions, and I'll try
10 and address them in broad strokes and then in
11 more detail.

12 Basically we took what the Governor
13 did and frankly made it better in a lot of
14 different ways. And some of these things are
15 not going to be as apparent in areas -- and
16 I'm going to give you a perfect example. In
17 the restorations that we made, Senator
18 DeFrancisco spoke to cost shifts. One of them
19 is the 4201 schools. That was a \$98 million
20 cost shift right back to the local property
21 taxpayer.

22 Now, it's not going to be apparent
23 here, but New York City is the greatest
24 beneficiary of that. Seventy million of the
25 \$98 million of that fund goes right to the

1 City of New York. Now, is that going on the
2 school run with the \$280 million? No. But it
3 is an indication that we tried to provide
4 whatever balance we could, and that's money --
5 and I don't know the exact numbers on the
6 summer-school piece and the cost shift from
7 the Office of Children and Family Services.
8 But I would daresay, given how these programs
9 are funded and the role that the City of
10 New York plays, that they are the largest
11 beneficiary of us rejecting those cost shifts
12 by the Governor.

13 Having said that, what we did was
14 look at regional balance. And frankly, the
15 Governor's proposal did not create regional
16 balance. When you look -- and he puts
17 together a plan and looks at urban centers,
18 not just the City of New York, but Buffalo,
19 Syracuse, Rochester, Yonkers and he basically
20 says you're going to get cut, but at some
21 point we're going to cap that cut.

22 Well, frankly, he didn't do that
23 for the rural districts in upstate New York.
24 So we have districts where they were losing as
25 much as 23 percent in their state aid. And

1 some of these poorer districts are the ones
2 that are already heavily reliant on state aid.

3 So did we drive more money into
4 upstate New York in our restorations? Yes.
5 Does everybody get more money? Yes. And I
6 will tell you this. This budget drives more
7 money on a percentage basis to high-needs
8 districts than the budget you passed last
9 year. It's almost 69 percent of the money in
10 this budget goes to high-needs districts.

11 ACTING PRESIDENT GRIFFO: Senator
12 Krueger.

13 SENATOR LIZ KRUEGER: Thank you,
14 Mr. President. If Senator Flanagan would
15 please yield.

16 ACTING PRESIDENT GRIFFO: Senator
17 Flanagan, do you yield?

18 SENATOR FLANAGAN: Yes.

19 ACTING PRESIDENT GRIFFO: Senator
20 Flanagan yields.

21 Senator Krueger.

22 SENATOR LIZ KRUEGER: Thank you
23 very much. And thank you for bringing up the
24 examples. And of course the special-ed funds
25 are a different line item in the budget and so

1 you're right, that wouldn't be reflected in
2 runs. But lots of things would be reflected
3 in runs.

4 So as I understand it, the
5 Republican proposal before us puts back
6 9 percent of the education dollars lost from
7 the Governor's gap elimination program. And
8 again, we don't have the runs so we don't know
9 exactly where that 9 percent goes. But I
10 heard Senator DeFrancisco before say that the
11 monies that were moved were moved to districts
12 with the highest percent dollar decrease in
13 funds under the Governor's plan. Is that your
14 understanding?

15 SENATOR FLANAGAN: I don't think
16 I heard Senator DeFrancisco say that at all.

17 ACTING PRESIDENT GRIFFO: Senator
18 Krueger.

19 SENATOR LIZ KRUEGER: Thank you.
20 Mr. President, if Senator DeFrancisco would
21 please yield.

22 ACTING PRESIDENT GRIFFO: Senator
23 DeFrancisco, do you yield?

24 SENATOR DeFRANCISCO: Yes.

25 ACTING PRESIDENT GRIFFO: Senator

1 DeFrancisco yields.

2 SENATOR LIZ KRUEGER: Thank you.

3 Do you recall saying -- because I
4 was taking a note when you were speaking --
5 that the shift in the formula being offered
6 here today by the Republicans, compared to the
7 Governor's plan, shifts more of the 9 percent
8 education restoration through the gap
9 elimination plan to those districts that had
10 the highest percent reduction in the
11 Governor's plan?

12 SENATOR DeFRANCISCO: First of
13 all, I said at least three times that this is
14 not a shift of the money that the Governor
15 proposed in his budget. This is an addition
16 to what the Governor proposed, and everyone
17 gets additional money under this particular
18 proposal.

19 And what I said is that the areas
20 that had the greatest percentage of loss which
21 we believe -- which we show from the
22 Governor's runs are the rural districts
23 upstate -- got 68 percent, actually,
24 68 percent of the additional \$280 million.

25 But I had forgotten, as Senator

1 Flanagan mentioned, that there are other areas
2 where the City of New York fared substantially
3 better than upstate, in that the cost shifts
4 of the \$90 million primarily benefited
5 New York City by taking that over.

6 So the rural upstate districts got
7 hit the hardest, that's why they got the most.
8 That's what I said, and I hope I didn't
9 misspeak.

10 SENATOR LIZ KRUEGER: Thank you.

11 Mr. President, the reason I keep
12 asking for clarification of that question,
13 just for the record, is that without runs none
14 of us know how this dollar plan plays out for
15 each school district compared to the
16 Governor's plan. And if in fact its highest
17 percent cut in the Governor's plan getting
18 these new monies, that would technically be
19 the wealthiest districts, not the poorest
20 districts.

21 But also in the Governor's plan
22 there was a cap put on how much could actually
23 be reduced from the high-needs low-income
24 districts. So my reason for continuing to ask
25 and try to clarify the question is that

1 whether I agree or don't agree with the
2 Republican proposal for returning an
3 additional 9 percent in school aid compared to
4 the Governor's cuts -- because I think I do
5 want to see restorations to school aid. I
6 feel quite comfortable saying that for myself
7 on the record.

8 I am very concerned about the
9 details of where that money would actually go
10 and what violation of court orders and other
11 historical precedents we would be making with
12 these changes.

13 But I've taken up quite a bit of
14 time, and I know that many of my other
15 colleagues have additional questions. So I'd
16 like to thank the chair for his cooperation
17 and sit down.

18 Thank you, Mr. President.

19 ACTING PRESIDENT GRIFFO: Thank
20 you, Senator Krueger.

21 Senator Rivera.

22 SENATOR RIVERA: Thank you,
23 Mr. President.

24 I want to know if the sponsor would
25 yield for a question.

1 SENATOR DeFRANCISCO: Yes.

2 ACTING PRESIDENT GRIFFO: Senator
3 DeFrancisco yields.

4 SENATOR RIVERA: Thank you,
5 Mr. President. Through you.

6 I wanted to ask you a few questions
7 about the revenue in this budget proposal, in
8 this resolution.

9 In particular, does it include the
10 personal income tax surcharge for wealthier
11 New Yorkers?

12 SENATOR DeFRANCISCO: The
13 surcharge -- it includes the surcharge because
14 it's in effect until the end of this year. It
15 doesn't include a surcharge beyond the end of
16 this year because the surcharge expires at the
17 end of the year.

18 SENATOR RIVERA: Through you,
19 Mr. President, if the sponsor would continue
20 to yield.

21 ACTING PRESIDENT GRIFFO: Senator
22 DeFrancisco, do you yield?

23 SENATOR DeFRANCISCO: Yes.

24 ACTING PRESIDENT GRIFFO: Senator
25 Rivera.

1 SENATOR RIVERA: Thank you,
2 Mr. President.

3 Thank you for correcting me. So to
4 be clear, this budget proposal does not
5 include an extension of the personal income
6 tax surcharge for wealthier New Yorkers?

7 SENATOR DeFRANCISCO: That is
8 correct.

9 SENATOR RIVERA: Thank you.
10 Through you, Mr. President, if the
11 sponsor would continue to yield.

12 SENATOR DeFRANCISCO: Yes.

13 ACTING PRESIDENT GRIFFO: Senator
14 DeFrancisco yields.

15 SENATOR RIVERA: Thank you,
16 Mr. President.

17 So if the personal income tax
18 surcharge was extended, how much would it
19 generate in the half of the fiscal year that
20 it would not extend and how much would it
21 generate further in the next fiscal year?

22 SENATOR DeFRANCISCO: I don't
23 know because it's irrelevant to our
24 deliberations, to at least the majority's
25 deliberations, insofar as we pledged no new

1 taxes and we don't have the tax in here. So
2 whether it's a billion dollars, \$6 billion or
3 whatever, the fact of the matter is we're
4 cutting to balance the budget, because I think
5 that's the Governor's intent, and we want to
6 stay close to the Governor on that, since he
7 also is against counting on new revenues based
8 on the millionaire's tax.

9 SENATOR RIVERA: Through you,
10 Mr. President, if the response would continue
11 to yield.

12 ACTING PRESIDENT GRIFFO: Senator
13 DeFrancisco, do you yield?

14 SENATOR DeFRANCISCO: Yes.

15 ACTING PRESIDENT GRIFFO: Senator
16 Rivera.

17 SENATOR RIVERA: Thank you,
18 Mr. President.

19 So the fact that it will sunset --
20 as opposed to an extension, you're saying it
21 will be a new tax. But is it correct to say
22 that wealthier New Yorkers at this point, and
23 until the 31st of December of this year, will
24 continue to pay at a tax rate that is set for
25 this personal income tax surcharge; is that

1 correct?

2 SENATOR DeFRANCISCO: That is
3 correct. That's the millionaire's tax that
4 applies to people including husbands and wives
5 that make over \$200,000. So \$200,000 is a
6 millionaire's tax. It obviously was
7 ill-conceived from the outset, because the
8 idea of what a millionaire is is a little bit
9 reduced, to put it mildly.

10 SENATOR RIVERA: If through you,
11 Mr. President, the sponsor would continue to
12 yield.

13 ACTING PRESIDENT GRIFFO: Senator
14 DeFrancisco, do you continue to yield?

15 SENATOR DeFRANCISCO: Yes.

16 ACTING PRESIDENT GRIFFO: He
17 does, Senator Rivera.

18 SENATOR RIVERA: Well, we
19 certainly are in agreement that it is
20 currently spoken of as a millionaire's tax and
21 it is not. That is why I continue to refer to
22 it as a personal income-tax surcharge for
23 higher-income New Yorkers. I feel that you
24 would agree, at least, that that's correct.

25 I actually would like to ask a

1 question that refers to one of the districts
2 in the Republican conference, and it's the
3 district that is represented by Senator
4 Grisanti. And I figure probably it would be
5 best to ask him, but I could ask you and maybe
6 you would refer to him if necessary.

7 Do you know the amount of
8 New Yorkers, of individuals that actually make
9 more than \$200,000, at least as it refers to
10 tax returns from the previous year in the 60th
11 Senatorial District?

12 SENATOR DeFRANCISCO: You know, I
13 don't know that. I don't know the answer to
14 that question.

15 SENATOR RIVERA: Okay. Through
16 you, Mr. President, if the sponsor would
17 continue to yield.

18 SENATOR DeFRANCISCO: Yes.

19 ACTING PRESIDENT GRIFFO: Senator
20 DeFrancisco continues to yield.

21 SENATOR RIVERA: Thank you,
22 Mr. President.

23 According to some numbers that I
24 have, that of 91,000 people that filed a tax
25 return, only 578 individuals in a district

1 that has roughly 300,000 individuals, actually
2 make more than \$200,000 a year. And the
3 question has to do with actually the type of
4 services that would be impacted by the lack of
5 revenue.

6 So currently the budget that you
7 propose does have cuts -- even though it has
8 restorations in different places, it does have
9 cuts across in different sectors, whether it's
10 education, whether it's healthcare, whether
11 it's public safety; is that correct?

12 SENATOR DeFRANCISCO: Yes, there
13 are cuts.

14 SENATOR RIVERA: Through you,
15 Mr. President, if the sponsor would continue
16 to yield.

17 SENATOR DeFRANCISCO: Yes.

18 ACTING PRESIDENT GRIFFO: Senator
19 DeFrancisco yields.

20 Senator Rivera.

21 SENATOR RIVERA: And these cuts
22 would most impact the government services --
23 people that receive government services; is
24 that not correct?

25 SENATOR DeFRANCISCO: That's

1 correct. But, you know, there's a bigger
2 impact. As we have been spending out of
3 control, we have been losing residents, we
4 have been losing companies, we have been
5 losing employees, and we have been losing our
6 tax base.

7 So the fact is that the way we've
8 been doing in the past hasn't really worked.
9 The bigger the tax base, the more money there
10 is to pay for services.

11 You mentioned the number of people
12 that are over -- paying the millionaire's tax
13 and as a small amount of people, but many of
14 those people run the small businesses, run the
15 businesses that decide that enough is enough.
16 We had one person in our community, or
17 actually in upstate New York, Golisano, who
18 was a gubernatorial candidate at one time. He
19 made a lot of money. And you know what he did
20 when the millionaire's tax went in? He moved
21 to Florida. So whatever income tax we were
22 receiving from him is gone. Whatever income
23 tax we receive from the people in Buffalo will
24 be gone if they move across the border to some
25 other state that's a lot cheaper.

1 And the other part of it is
2 Golisano donated \$5 million to a children's
3 hospital in Syracuse, the Golisano Children's
4 Hospital. Well, now he's donating money in
5 Florida.

6 So there's a far-ranging impact.
7 If you want more tax money for more services,
8 you need to create jobs, and to create jobs
9 you have to be competitive.

10 And the last point in that regard
11 is last year when Governor Paterson -- perfect
12 example -- Governor Paterson wanted to put a
13 tax on the bonuses of Wall Street people
14 because they're bad people, they caused the
15 problem -- I understand the logic behind that.
16 The fact of the matter, the Connecticut
17 governor the next day was pushing to try to
18 get these brokerage companies to come over to
19 Connecticut.

20 So there is an impact. And we've
21 got to stop and try something different. The
22 Governor is absolutely right. We agree.
23 Actually, we agreed with him before he agreed
24 with us. We don't think it's a good idea.

25 SENATOR RIVERA: Through you,

1 Mr. President, if the sponsor would continue
2 to yield.

3 SENATOR DeFRANCISCO: Yes.

4 ACTING PRESIDENT GRIFFO: Senator
5 DeFrancisco yields.

6 Senator Rivera.

7 SENATOR RIVERA: Thank you,
8 Mr. President.

9 During the period of time from 2003
10 to 2005 when there was actually another -- in
11 another fiscally difficult situation, there
12 was a similar surcharge that was imposed. Are
13 you aware of the increase that occurred during
14 that period of time in high-income tax returns
15 during that period of time?

16 SENATOR DeFRANCISCO: What years
17 are those?

18 SENATOR RIVERA: From 2003 to
19 2005.

20 SENATOR DeFRANCISCO: I don't
21 know the exact amount. But I can also tell
22 that you during that period of time it was
23 right after the last recession, and the
24 economy started kicking in and people starting
25 making more money. And that's why people paid

1 more taxes. So I'm sure that's the reason
2 why.

3 And one other point. As far as
4 this progressive tax that people are so
5 concerned about, 5 percent of the people in
6 State of New York, 5 percent pay 50 percent of
7 the taxes. That's pretty progressive. And if
8 they have to pay 60 percent or 70 percent,
9 maybe they won't want to do that anymore.

10 SENATOR RIVERA: Through you,
11 Mr. President, if the sponsor would continue
12 to yield.

13 ACTING PRESIDENT GRIFFO: Senator
14 DeFrancisco, do you yield?

15 SENATOR DeFRANCISCO: Yes.

16 ACTING PRESIDENT GRIFFO: He
17 does.

18 Senator Rivera.

19 SENATOR RIVERA: The percentage
20 was 30 percent. From 2003 to 2005, there was
21 a 30 percent increase in high-income tax
22 returns.

23 How about in the last year, 2009,
24 are you aware of what the percentage was of
25 growth of higher-income households in that

1 period of time?

2 SENATOR DeFRANCISCO: I do not
3 know. But I know that that tax was stopped,
4 just like we're trying to stop it now, it was
5 stopped after 9/11. So that had a short
6 history. This one should hopefully have a
7 shorter history. That's why we don't want to
8 renew it.

9 SENATOR RIVERA: Through you,
10 Mr. President, if the sponsor would continue
11 to yield.

12 SENATOR DeFRANCISCO: Yes.

13 ACTING PRESIDENT GRIFFO: Senator
14 DeFrancisco yields.

15 Senator Rivera.

16 SENATOR RIVERA: The percentage,
17 Senator DeFrancisco, was 10 percent. In 2009
18 when the tax was in existence, there was
19 actually a 10 percent growth of high-income
20 households during that period of time.

21 And I also -- are you aware of a
22 Wall Street Journal Wealth Report that came
23 out in the year 2009 that refers to
24 high-income households nationally and what
25 they -- what the people in those households

1 base their decisions on about where they live?

2 SENATOR DeFRANCISCO: I'm not so
3 sure. But I know we've lost about five major
4 employers in the Syracuse area over the last
5 10 years. And I also know we lost two
6 Congressional seats over the last 10 years.

7 If people are so happy with the
8 economy in the State of New York and the
9 manner in which the State of New York taxes
10 their citizens, it's kind of surprising that
11 they would be leaving in droves. We want them
12 to come back.

13 SENATOR RIVERA: Through you,
14 Mr. President, if the sponsor would continue
15 to yield.

16 SENATOR DeFRANCISCO: Yes.

17 ACTING PRESIDENT GRIFFO: Senator
18 DeFrancisco yields.

19 Senator Rivera.

20 SENATOR RIVERA: Thank you,
21 Mr. President.

22 The Wall Street Journal Wealth
23 Report in 2009 that did a study of what
24 wealthy families make their decisions on as
25 far as where they live actually made a point

1 to say that it was not based on tax rates but
2 upon quality of life, access to good
3 education, infrastructure and culture, among
4 other issues.

5 So I would actually question -- I
6 do not question that there are certainly
7 New Yorkers that have left the state, and we
8 certainly want them to come back all over the
9 state. I would question whether this would be
10 the best strategy to go about doing that,
11 particularly when we have -- if we're talking
12 about shared responsibility and shared
13 sacrifice, when we're saying that the cuts to
14 education and to healthcare and to public
15 safety that you have referred to that still
16 exist -- because these need to happen in tough
17 fiscal times -- that it should be a little
18 easier on what amounts to over 90 percent of
19 the people.

20 And you are correct, 5 percent of
21 the people pay 50 percent of the taxes. That
22 is because they have all the wealth. So
23 that's probably why they pay all of the taxes.

24 ACTING PRESIDENT GRIFFO: Senator
25 Rivera, are you on the bill now, on the

1 resolution, or are you asking a question?

2 SENATOR RIVERA: Oh, I'm asking a
3 question. Apologies, Mr. President.

4 So a question about Senate District
5 22, which is represented by Senator Golden,
6 about the amount of -- the percentage of
7 people in that district that make more than
8 \$200,000 a year, are you aware of the number?

9 SENATOR DeFRANCISCO: No. You
10 can ask me each city in the state, I will not
11 know the answer to any of them.

12 SENATOR RIVERA: Through you,
13 Mr. President, if the sponsor would continue
14 to yield.

15 SENATOR DeFRANCISCO: Yes.

16 ACTING PRESIDENT GRIFFO: Senator
17 DeFrancisco yields.

18 Senator Rivera.

19 SENATOR RIVERA: Thank you.
20 Thank you, Mr. President.

21 The percentage is 1.3 percent, less
22 than 1400 individuals in a district that has
23 over 310,000 individuals, if I'm not mistaken.

24 The question really refers to what
25 the impact -- the impact of the cuts that

1 we're talking about, where they're going to be
2 focused and who is going to eventually be more
3 impacted by this. Is it going to be wealthier
4 individuals or is it going to be the
5 communities that actually receive these
6 services, whether it be healthcare or
7 education or public safety? That is the
8 overall question.

9 The reason I referred to the
10 percentages, Senator DeFrancisco, is that it
11 seems that we should be trying to have the
12 biggest impact or do something for the greater
13 good, and that would mean for the majority of
14 individuals. And maybe -- so we should maybe
15 be talking about how to continue a tax that
16 exists today that there is no hard evidence
17 that I have seen that these folks are leaving.

18 So my question, Mr. President,
19 would be don't you think that we should be
20 perhaps focusing our efforts on maintaining
21 the service levels the best that we can in
22 very tough times while maintaining a tax rate
23 for individuals that are wealthier to begin
24 with that are not -- there is no hard evidence
25 that I've seen that those are the folks that

1 are leaving -- to continue it, to extend it
2 for a short period of time.

3 And even if it's a millionaire's
4 tax, true millionaire's tax, as Senator
5 Bonacic suggested, which would give us
6 \$780 million in the next half fiscal year and
7 maybe almost \$3 billion in the next year,
8 wouldn't that make it easier to -- wouldn't it
9 make it easier on the communities that we
10 represent all across the state, whether it's
11 in the city or in Long Island or in Western
12 New York or in upstate New York? Would it not
13 make it easier?

14 SENATOR DeFRANCISCO: No. The
15 millionaire's tax as it exists right now hits
16 incomes, including husband and wife incomes of
17 \$200,000 or more. Virtually every small
18 business is either paying individual taxes or
19 they're paying through a sub-Chapter S
20 corporation, which is individual tax rates.
21 And those small businesses are the ones that
22 are creating jobs lately in the State of
23 New York. The more we can do -- there was a
24 question asked about property tax relief.
25 Income tax relief to the small business is

1 also important to create jobs.

2 So for the -- and this has been --
3 if this millionaire's tax was so wonderful, it
4 wouldn't have expired after 9/11. We would
5 have continued it on forever. It was supposed
6 to be a temporary fix. And it's obviously our
7 position and the position of the Governor that
8 it's not a good idea economically. We
9 respectfully disagree with you, and the
10 Governor respectfully disagrees with you, and
11 I presume he would have the same answers to
12 your questions that I would have here on the
13 Senate floor.

14 SENATOR RIVERA: Thank you,
15 Senator DeFrancisco.

16 Mr. President, on the resolution.

17 ACTING PRESIDENT GRIFFO: Senator
18 Rivera on the resolution.

19 SENATOR RIVERA: Thank you,
20 Mr. President. And I thank Senator
21 DeFrancisco for answering some of these
22 questions.

23 And the point that we were trying
24 to make, that I'm trying to make here -- and I
25 certainly know that many of my colleagues on

1 my side of the aisle who joined me in writing
2 a letter to the Governor asking for extension
3 of this, and certainly have been in
4 communication with some of our colleagues in
5 the Assembly about extension of this -- is
6 pretty simple. We are speaking about how
7 these very tough economic and fiscal times
8 that we find ourselves in are forcing us to
9 make extremely tough decisions that will
10 impact our children, that will impact our
11 families, that will impact our seniors, that
12 would impact schools, hospitals all across
13 this great state, all across this great state.
14 And all that we are saying is that if we had a
15 bit more of revenue, we would be able to deal
16 with it in an easier way.

17 Now, I have -- the reason I cited
18 some of these studies and some of these
19 numbers is that I believe that in this chamber
20 we should be looking, yes, to create the best
21 situation for the entire state to become
22 better and to grow. But our concern needs to
23 be with the greater good.

24 And the greater good in this case,
25 if I am asking seniors back at home to

1 sacrifice further, if I am asking families
2 with children back home to sacrifice further,
3 if I am asking hospitals in my district to
4 sacrifice further, it would be easier for
5 those sacrifices if they were truly shared.
6 And this budget, the budget resolution that my
7 colleagues across the aisle present, does not
8 do that.

9 And when you have a district that
10 has more than 300,000 individuals that live in
11 it, with almost 100,000 people that have filed
12 taxes, and of those taxes that are filed less
13 than 1400 individuals are impacted by this,
14 when I do not see any type of hard evidence --
15 now, it is a talking point that is repeated
16 often. But I have not seen any hard evidence
17 that tells me that people are flying away.

18 Yes, Golisano left. And, personal
19 opinion, I think we're the better for it. And
20 there may be some other folks, some other
21 millionaires that have also done that. But
22 the bulk of these individuals that are paying
23 this tax right now -- this is not a new tax,
24 ladies and gentlemen. This is something that
25 exists right now. It would be an extension

1 that would give us more revenue to be able to
2 better deal with the difficulties that we have
3 going down the road. That is all that I am
4 asking today.

5 So again, I would ask my colleagues
6 across the aisle to consider this as they go
7 forward with this resolution. Because what it
8 is doing, it is putting the onus and it is
9 putting the bulk of the pain on the folks that
10 you represent -- on the bulk of them, on
11 98 percent of the people that you represent
12 and certainly the 90-some percent or the
13 people that we represent. I would just ask
14 you to consider that.

15 Thank you for your time. Thank
16 you, Mr. President.

17 ACTING PRESIDENT GRIFFO: Thank
18 you, Senator Rivera.

19 Senator Espallat.

20 SENATOR ESPAILLAT: Thank you,
21 Mr. President.

22 Would Senator DeFrancisco yield for
23 some questions?

24 SENATOR DeFRANCISCO: Yes.

25 ACTING PRESIDENT GRIFFO: Senator

1 DeFrancisco, do you yield to a question?

2 SENATOR DeFRANCISCO: Yes.

3 ACTING PRESIDENT GRIFFO: Senator
4 Espaillat.

5 SENATOR ESPAILLAT: Thank you,
6 Mr. President.

7 Once again, we are here today
8 debating this very important budget
9 resolution. And I've heard, so far, many
10 legitimate concerns from its sponsors. Many
11 of those concerns strike right at the center
12 of the well-being of our state. I heard the
13 concern that there should be no new taxes. I
14 heard the concern that people across the State
15 of New York are leaving in droves. I also
16 heard the concern on behalf of the viability
17 and the strength of small businesses.

18 Yet there is one important concern
19 that's not included in this list and that is
20 not included in this budget resolution that I
21 think will have a devastating effect in this
22 state, and that's the exclusion of rent
23 regulations from this budget resolution.

24 There is no question that if the
25 rent regulations expire on June 15, this would

1 amount to a back-door tax on over a million
2 households, over a million households across
3 the State of New York. There is no question
4 that if rent regulations expire and disappear
5 on June 15 that we are exposing millions of
6 New Yorkers to leave their homes.

7 Furthermore, there is no doubt that if rent
8 regulations expire on June 15 and people leave
9 their homes to go to other states or people
10 are forced to pay more rent -- a back-door
11 tax -- that our small-business community will
12 be dramatically impacted by this action.

13 So I want to ask you, Senator
14 DeFrancisco, why is it that if you are so
15 concerned about no new taxes and the impact
16 that taxes may have on New York State, if you
17 are so concerned about people leaving in
18 droves and there being a strong agenda for
19 small businesses, you are not concerned for
20 over a million New Yorkers, that you don't
21 address perhaps the most important legislation
22 that we may discuss this year here, rent
23 regulation, the livelihood of them having a
24 roof over their head for seniors, single moms,
25 working families, working parents, young

1 couples looking to move up the ladder that
2 have to pay sometimes very excessive rents,
3 that may find themselves either leaving the
4 state or doubling up with a neighbor or
5 relative because they cannot make ends meet?
6 Why don't we have rent regulations in this
7 budget resolution?

8 ACTING PRESIDENT GRIFFO: Senator
9 DeFrancisco.

10 SENATOR DeFRANCISCO: This budget
11 resolution reacts to the Governor's budget.
12 There was no rent-regulation legislation in
13 the Governor's budget. And from my
14 understanding, your former house is passing a
15 one-house budget today; there is no
16 rent-regulation language in that bill either.
17 And as a result, it's -- and plus rent
18 regulation doesn't expire, as you say, till
19 June 15th. It's a separate policy issue and
20 it's not a budget issue, necessarily,
21 especially when neither house nor the Governor
22 has put it in any of their budgets. So it's
23 not only this house, it's your former house as
24 well.

25 SENATOR ESPAILLAT: Mr.

1 President, will Senator DeFrancisco yield for
2 another question?

3 SENATOR DeFRANCISCO: Yes.

4 ACTING PRESIDENT GRIFFO: Senator
5 DeFrancisco yields.

6 Senator Espaillat.

7 SENATOR ESPAILLAT: Senator
8 DeFrancisco, we are an independent branch of
9 government. We are not guided strictly by the
10 wishes of the Governor's office or the
11 Assembly. We are an autonomous, duly elected
12 independent branch of government. We don't
13 have the exact budget resolution that the
14 Assembly has. You just said that we don't
15 have the so-called millionaire's tax. They
16 have it.

17 You know, so we're an independent
18 body. And we should draft the best budget
19 resolution that we feel on both sides of the
20 aisle is the best budget resolution for all
21 New Yorkers. I want to ask why is it that we
22 have not included measures such as vacancy
23 destabilization, which regulates tons of
24 apartments. Some of the experts feel that
25 over 300,000 units of housing have been lost.

1 ACTING PRESIDENT GRIFFO: Senator
2 Espaillat, do you have a question that you're
3 posing?

4 SENATOR ESPAILLAT: Yes, I do.
5 Why don't we have -- and if I may, through
6 you, Mr. President -- why don't we have in
7 this budget resolution the provision to repeal
8 vacancy destabilization and to regulate most
9 of the apartments that have been lost through
10 this loophole in the past two decades,
11 approximately 300,000 units of housing across
12 the State of New York?

13 ACTING PRESIDENT GRIFFO: Senator
14 DeFrancisco.

15 SENATOR DeFRANCISCO: I don't
16 think any apartments have been lost. I think
17 they may have been deregulated, but that's not
18 the loss of apartments, number one.

19 Number two is because it is a
20 separate issue, separate and apart from the
21 budget. And we're not the only ones. I'm not
22 suggesting that we couldn't put it in here.
23 There's a lot of things, a lot of policy
24 decisions that I would love to have in the
25 budget. I'd love to see the property tax cap

1 in the budget that this house has passed
2 repeatedly and that the Governor, by the way,
3 sent in a separate bill. It was his position
4 that that should be separate and apart from
5 the budget.

6 So there's many, many important
7 policy issues to every single Senator here.
8 But if every single one of them was in a
9 budget bill of each house, we would have a
10 budget about January 10th of next year --
11 maybe.

12 So there are certain constraints.
13 And we follow what the Governor's proposed
14 budget was in addressing those issues, as did
15 the Assembly.

16 SENATOR ESPAILLAT: Mr.
17 President, if the Senator may yield for some
18 questions through you again, please.

19 SENATOR DeFRANCISCO: Yes.

20 ACTING PRESIDENT GRIFFO: Senator
21 DeFrancisco yields to a question, Senator
22 Espailat.

23 SENATOR ESPAILLAT: Senator,
24 thank you for your explanation. But I feel
25 that perhaps in your original explanation you

1 may have stumbled into some very basic and
2 deep contradictions.

3 SENATOR DeFRANCISCO: I doubt it.

4 SENATOR ESPAILLAT: One, for
5 example, the millionaire's tax does not expire
6 till the end of this year. So why not include
7 it in the budget?

8 The other matter is that we all
9 know --

10 SENATOR DeFRANCISCO: We did
11 include it by not including it. We said we're
12 not going to pass it.

13 SENATOR ESPAILLAT: Crafty words,
14 Senator. But it wasn't included and it
15 doesn't end until the end of the year.

16 If I may, Mr. President --

17 ACTING PRESIDENT GRIFFO: Do you
18 ask Senator DeFrancisco to continue to yield?

19 SENATOR ESPAILLAT: Yes.

20 SENATOR DeFRANCISCO: Yes.

21 ACTING PRESIDENT GRIFFO: Senator
22 DeFrancisco yields.

23 Senator Espailat, if you can just
24 continue to stay to the questions. And if you
25 want to speak on the resolution, then we can

1 allow that.

2 SENATOR ESPAILLAT: Well, I am
3 speaking to the resolution, Mr. President.

4 ACTING PRESIDENT GRIFFO: But
5 you're asking to pose a question.

6 SENATOR ESPAILLAT: And I'm
7 addressing some of the contradictions that I
8 feel have arisen in this debate.

9 ACTING PRESIDENT GRIFFO: Senator
10 DeFrancisco yields to your question.

11 SENATOR ESPAILLAT: In addition
12 to that, LIFO language has been included.
13 But, Senator DeFrancisco, you have said that
14 rent should not be included. I find that to
15 be also a contradiction.

16 SENATOR DeFRANCISCO: LIFO was
17 included -- we already passed a separate bill,
18 but LIFO was included as amended by the
19 Governor's proposal because it directly
20 affects decisions that have to be made by
21 New York City in determining who they're going
22 to lay off, how many people are going to be
23 laid off and what the effects of the layoffs
24 would be based upon the money that would be
25 saved by the various layoffs.

1 So it's relevant from a financial
2 standpoint for the City of New York School
3 District and the mayor in determining their
4 budget.

5 SENATOR ESPAILLAT: If Senator
6 DeFrancisco will yield, through you,
7 Mr. President.

8 ACTING PRESIDENT GRIFFO: Senator
9 DeFrancisco, do you continue to yield?

10 SENATOR DeFRANCISCO: Yes.

11 SENATOR ESPAILLAT: But to be
12 consistent, Senator, the Governor has clearly
13 stated that he is not fully in support of LIFO
14 and that in fact he will await for regulations
15 to come from the State Department of Education
16 to give us some guidance before we do those.

17 So in fact LIFO is not supported by
18 the Governor, but we have included it in the
19 budget resolution. In fact, the surcharge
20 doesn't expire until the end of the year, but
21 we have not included it in the resolution.
22 And in fact we have not included rent
23 regulation, which will impact the lives of
24 over a million units of the housing.

25 I want to ask you, how come this

1 resolution doesn't have a provision of that
2 legislation that reduces the statutory vacancy
3 bonus for landlords from 20 percent to
4 10 percent? Right now a landlord will get a
5 20 percent increase on housing every time
6 there is a vacancy. A bill that I proposed
7 before this house reduces that to 10 percent
8 so we don't have this back-door tax on
9 tenants. How come this budget resolution has
10 not included that provision?

11 SENATOR DeFRANCISCO: I'm not
12 sure what you mean by this, because there's no
13 cost to the City of New York by regulation or
14 deregulation of apartments. The costs are the
15 landlord's costs, or the tenant's costs,
16 depending upon whether the units are regulated
17 or not.

18 What I'm suggesting is that it was
19 our position that LIFO really is part of the
20 decision-making process of who you're going to
21 lay off and how many people you're going lay
22 off, because there's a cut to the budgets of
23 all school districts as well as including
24 New York City.

25 Now, if the Assembly and the

1 Governor -- and it's a fiscal issue that's
2 relevant in a budget, in my judgment, whereas
3 the rent regulation is not.

4 SENATOR ESPAILLAT: If Senator
5 DeFrancisco will yield through you,
6 Mr. President.

7 ACTING PRESIDENT GRIFFO: Senator
8 DeFrancisco, do you continue to yield?

9 SENATOR DeFRANCISCO: Yes.

10 ACTING PRESIDENT GRIFFO: Senator
11 Espaillat.

12 SENATOR ESPAILLAT: Please,
13 Senator, allow me to go back to the crucial
14 and original question. And I want to ask you
15 a very sort of like straight question. If
16 1.2 million families saw their rent hiked on
17 June 16 after rent regulations expires --
18 because the crux of this debate is that the
19 elimination of rent regulation to bring rents
20 to market value. So if they saw a hike in
21 their rent on June 15, do you think that that
22 will have a fiscal impact in the State of
23 New York?

24 SENATOR DeFRANCISCO: But it will
25 not have a fiscal impact on the people that we

1 are providing funding for, whether it's the
2 cities, the school districts and the like.

3 And we have to have a budget, by
4 the way, by April 1. At least that's what
5 everyone is hoping for. It's March 15th. If
6 we included items such as that in this budget,
7 it would make it much more difficult to reach.
8 That's why I'm sure the Governor didn't put it
9 in his budget, nor did either house.

10 Secondly, the dire consequences
11 that you suggest, if they happen, they will
12 happen on June 15th. We have much time
13 between now and then. And in prior years when
14 rent regulation was reestablished, it got
15 reestablished in some shape, manner or form in
16 time so the dire consequences wouldn't happen.

17 I'm concerned right now, being
18 chairman of Finance, with getting a budget on
19 April 1.

20 SENATOR ESPAILLAT: Mr.
21 President, if Senator DeFrancisco will
22 yield -- through you again -- once again.

23 ACTING PRESIDENT GRIFFO: Senator
24 DeFrancisco, do you continue to yield?

25 SENATOR DeFRANCISCO: Yes.

1 ACTING PRESIDENT GRIFFO: Senator
2 Espaillat.

3 SENATOR ESPAILLAT: Well, I am
4 concerned that a critical crisis that may
5 occur on June 16 is not addressed right away.

6 In fact, we are taking measures in
7 these resolutions to avoid reaching a crisis.
8 So I am deeply concerned that we will once
9 again kick the can down the road and find
10 ourselves at the edge of the cliff on June 15
11 at 11:30 p.m. with the livelihood of thousands
12 and thousands of New Yorkers in jeopardy and
13 danger, and they may see an increase in their
14 rent that will drive them out of their house.

15 I want to know why doesn't this
16 budget resolution include the reform of major
17 capital improvements. And Senator
18 DeFrancisco, that's a provision that allows
19 landlords to increase rent when they do a
20 major capital improvement. Let's say when
21 they fix the roof, install new windows or
22 repair the boiler, they're allowed to pass on
23 these increases for life, way beyond the time
24 that they have recovered the original
25 investment. And we're asking that yes, they

1 should have some ability to recover that
2 investment, but it should not be for life,
3 that it should be until the time that they
4 have recovered the full investment of that
5 improvement and not beyond that.

6 Why does this bill not provide this
7 provision of the rent regulations law that I
8 think is a -- will in turn become a back-door
9 tax to working New Yorkers?

10 SENATOR DeFRANCISCO: My answer
11 is the same.

12 SENATOR ESPAILLAT: Mr.
13 President, if the Senator may wish to answer
14 my questions?

15 ACTING PRESIDENT GRIFFO: Senator
16 DeFrancisco, do you continue to yield?

17 SENATOR DeFRANCISCO: Yes.

18 ACTING PRESIDENT GRIFFO: Senator
19 Espaillat.

20 SENATOR ESPAILLAT: Senator,
21 English is my second language, so I have sort
22 of like a short ability to remember. Do you
23 mind repeating that?

24 SENATOR DeFRANCISCO: I'd be
25 happy to repeat it as many times as you want

1 to repeat it. There's a limited time for the
2 debate. If you want me to repeat things, I'd
3 be more than happy to. But we have an
4 April 1st deadline. It's March 15th. It's an
5 issue that could slow down the budget process.
6 More importantly, it's not germane to the
7 issues of providing monies to the cities, the
8 school districts and the like. And there's
9 plenty of time to deal with it after the
10 budget. And each house and the Governor
11 agrees, because it's in none of the houses.

12 SENATOR ESPAILLAT: Mr.

13 President, if the Senator may yield for just
14 two more questions.

15 SENATOR DeFRANCISCO: Yes. Yes.

16 ACTING PRESIDENT GRIFFO: The
17 Senator yields.

18 Senator Espallat.

19 SENATOR ESPAILLAT: Yes. Senator
20 DeFrancisco, this budget resolution bill also
21 does not include a reform of the individual
22 apartment improvement program. This program,
23 instead of reducing rent, what it does is that
24 it increases rent by 1/60th of the cost of an
25 internal improvement on the apartment.

1 We are proposing a modest reduction
2 on that increase from 1/60th to 1/40th of the
3 cost of the improvement. Why is this
4 provision not included in the budget
5 resolution?

6 ACTING PRESIDENT GRIFFO: Senator
7 DeFrancisco.

8 SENATOR DeFRANCISCO: You know,
9 my answer is the same. There is probably a
10 thousand bills in print right now, none of
11 which being in the budget. The budget has, I
12 think -- deals with fiscal issues. And I
13 think we're -- my answer would be the same no
14 matter what one of those bills you pick out.

15 And just so I'm clear, are you in
16 favor of rent control? I just want to be
17 sure.

18 (Laughter.)

19 SENATOR ESPAILLAT: Yes, I'm in
20 favor of rent regulation.

21 SENATOR DeFRANCISCO: Thank you.

22 SENATOR ESPAILLAT: [Inaudible]
23 Again, English is my second language.

24 To finalize, Mr. President, would
25 the Senator yield for some questions?

1 SENATOR DeFRANCISCO: Yes.

2 ACTING PRESIDENT GRIFFO: Senator
3 DeFrancisco, do you yield to a final question?

4 SENATOR DeFRANCISCO: Yes.

5 SENATOR ESPAILLAT: Yes. Senator
6 DeFrancisco, thank you for your explanations
7 and your candidness.

8 We are deeply concerned that this
9 budget resolution does not include rent
10 regulation and that thousands of New Yorkers
11 are at the precipice of being evicted from
12 their homes by increased rents that will be
13 generated through the deregulation of our rent
14 laws across the State of New York.

15 We are deeply concerned. We feel
16 very strongly that this provision should be in
17 the budget. And in the words of that great
18 contemporary philosopher in New York City, the
19 rent is too damn high.

20 ACTING PRESIDENT GRIFFO: Thank
21 you, Senator Rivera, for quoting Jimmy
22 McMillan.

23 Senator Stavisky.

24 SENATOR STAVISKY: Thank you,
25 Mr. President. If the Senator would yield for

1 a --

2 ACTING PRESIDENT GRIFFO: Senator
3 DeFrancisco, do you yield a question from
4 Senator Stavisky?

5 SENATOR STAVISKY: A number of
6 very brief questions.

7 ACTING PRESIDENT GRIFFO: A
8 number of very brief questions, but we'll
9 entertain them all through the chair, please,
10 Senator Stavisky.

11 SENATOR STAVISKY: Yes, sir.

12 ACTING PRESIDENT GRIFFO: Senator
13 Stavisky.

14 SENATOR STAVISKY: The Governor
15 in his budget allocated \$40 million for the
16 City University of New York midyear tuition
17 increase. Perhaps -- if Senator LaValle is
18 rising, perhaps is he going to respond to
19 those questions? It doesn't matter to me.

20 Mr. President, will Senator LaValle
21 yield?

22 SENATOR LaVALLE: Yes.

23 ACTING PRESIDENT GRIFFO: Senator
24 Stavisky, under Rule 9.4(B), only the members
25 who have spoken on the resolution are allowed

1 to be asked questions.

2 SENATOR DeFRANCISCO: I would
3 yield to Senator LaValle to answer the
4 question in his area of expertise.

5 ACTING PRESIDENT GRIFFO: Senator
6 DeFrancisco yields to Senator LaValle.
7 Without objection, Senator Stavisky?

8 SENATOR STAVISKY: That's why I
9 addressed it to Senator LaValle.

10 ACTING PRESIDENT GRIFFO: No
11 objection. Senator LaValle, you may be heard.

12 SENATOR STAVISKY: Well, let me
13 ask the question.

14 There was an allocation of CUNY,
15 \$40 million, and yet it's my understanding
16 that in the Senate Majority budget resolution,
17 that \$40 million has been swept away. Can you
18 give me an explanation for that?

19 ACTING PRESIDENT GRIFFO: Senator
20 LaValle.

21 SENATOR LaVALLE: Yes. Senator
22 Stavisky, as you know, on the issue of tuition
23 the board can establish tuition policy,
24 whether that be the State University or the
25 City University. However, they then come to

1 the Legislature for appropriation authority.

2 In this case, what happened with
3 City University is they forgot something.
4 They established tuition, assessed tuition to
5 the students, and they never sought
6 appropriation authority until after the fact.

7 So there are certain rules of the
8 road that need to be followed. And I think we
9 need to have both systems, whether it be SUNY
10 or CUNY, establish policies that are
11 consistent with not only law but with
12 tradition and custom that has been followed.
13 You will recall that last year the State
14 University, SUNY, went through great lengths
15 to try and get freedom from the Legislature in
16 establishing their own policy. So this is
17 something that is very serious, and we need to
18 have a dialogue on how we deal with this.

19 SENATOR STAVISKY: Mr. President,
20 if Senator LaValle would continue to yield on
21 that particular issue.

22 SENATOR LaVALLE: Yes.

23 ACTING PRESIDENT GRIFFO: Senator
24 LaValle yields.

25 Senator Stavisky.

1 SENATOR STAVISKY: I only found
2 out when you released your budget resolution
3 sometime Sunday that the \$40 million that had
4 been in the Governor's proposal, the budget
5 that he released, had been swept away under
6 your budget resolution. And that just
7 increases the cut to CUNY. This was obviously
8 not done to the State University of New York,
9 but to the City University, and subjected them
10 to an overall reduction of \$123.2 million.

11 I'm very familiar with the concepts
12 of differential tuition and the rational
13 tuition policy. And at the same time, though,
14 it would have applied, first of all, to CUNY
15 as well as SUNY last year. And the SUNY
16 trustees have authorized an increase in
17 tuition, as have the CUNY trustees. However,
18 your resolution sweeps away that \$40 million.
19 It's still missing.

20 SENATOR LaVALLE: Well, Senator,
21 you will recall that the State University, two
22 years ago, they increased tuition \$620 and the
23 system never saw a dime, not a dime of that
24 money. It was swept. The cut was taken away
25 from them. And I didn't hear -- and I

1 remember when I sat over there, talked and
2 railed about that. SUNY has not had, other
3 than that, in the last two years -- unlike
4 CUNY -- an increase in tuition. The first
5 tuition increase was done according to the
6 rules.

7 Now, we either have rules or we
8 don't have rules. And so I think we need to
9 have a discussion, a dialogue on this. I
10 understand the repercussions. But you just
11 can't do things, make it up as you go along,
12 say we're going to set tuition and assess the
13 students the tuition and then get
14 appropriation authority. It doesn't work that
15 way.

16 SENATOR STAVISKY: Mr. President,
17 if the Senator would continue to yield.

18 SENATOR LaVALLE: Yes. Yes.

19 ACTING PRESIDENT GRIFFO: Senator
20 LaValle yields.

21 SENATOR STAVISKY: Isn't it true
22 that last year, since you brought it up, we
23 didn't rail, what we tried to do with the SUNY
24 budget was take it off-budget so that the
25 entire amount was returned to the campus.

1 And, Senator, you know that you voted against
2 that, as did a lot of other people.

3 So, you know, let's -- I want to be
4 very brief, because -- if the Senator would
5 yield for another question.

6 ACTING PRESIDENT GRIFFO: The
7 Senator has yielded, Senator Stavisky. You
8 may pose your question.

9 SENATOR LaVALLE: Yes.

10 SENATOR STAVISKY: Yes, let me be
11 very brief.

12 Several years ago the out-of-state
13 tuition for SUNY students was -- the
14 authorization was raised, the permission was
15 granted to raise it by I think it was
16 5 percent. Your resolution raises the
17 out-of-state tuition by 5 percent, and I think
18 that -- I don't have a problem with that. But
19 what happened to the previous years, in 2005
20 and 2006, when the authorization was granted
21 to raise tuition for out-of-state students?

22 And remember, our tuition is -- the
23 SUNY tuition for in-state students is below
24 \$5,000 a year and out-of-state it's somewhere
25 around \$13,000. Extremely low amount when you

1 compare other campuses throughout the nation.
2 What happened to that money that was
3 authorized back in '05 and '06?

4 SENATOR LaVALLE: I assume that
5 it was -- I don't know the exact answer,
6 Senator. But I assume that they had the
7 appropriation that it -- that that tuition was
8 increased. I believe it was. I believe the
9 out-of-state tuition was -- there was a
10 debate, there was a discussion of the range of
11 the tuition.

12 But no, this year this resolution
13 does have, as you have indicated, 5 percent
14 increase for out-of-state students.

15 SENATOR STAVISKY: My question --
16 if the Senator would continue to yield.

17 ACTING PRESIDENT GRIFFO: Senator
18 LaValle, do you yield?

19 SENATOR LaVALLE: Yes.

20 SENATOR STAVISKY: What happened
21 to the money, though, that was authorized in
22 2005 and 2006? Did it go into the budget?
23 Was it never collected? Did they ignore it?
24 What happened to it?

25 SENATOR LaVALLE: The only answer

1 I can give you, as part of the sweeps, that
2 that money, that appropriation was taken down,
3 a part of it was taken down.

4 Here, as you know, in our budget
5 resolution we have, to the best that we can,
6 built a firewall around that the State
7 University will receive those monies and not
8 have the kinds of sweeps that we've had in the
9 last two years. We're trying to prevent that.

10 SENATOR STAVISKY: Thank you,
11 Senator.

12 Very briefly on the bill.

13 ACTING PRESIDENT GRIFFO: Senator
14 Stavisky on the resolution.

15 SENATOR STAVISKY: I believe it
16 is terribly unfair to subject CUNY to special
17 assessments, to special cuts. They are
18 struggling, as all of the public colleges --
19 and, in fact, the private colleges and
20 universities are struggling. But particularly
21 I think we have an obligation to maintain
22 support for both the State University of
23 New York and the City University of New York.

24 Twenty years ago, about 65 percent
25 of their aid came from the State of New York.

1 Today it's going to be below 45 percent. That
2 is a trend I think that we really ought to
3 reverse. And we're going to work together
4 hopefully to resolve some of those issues,
5 because I know that the Senate Majority would
6 agree that we've got to maintain our
7 university system to continue the
8 affordability and the excellence that they
9 provide.

10 Thank you, Mr. President.

11 ACTING PRESIDENT GRIFFO: Senator
12 Stewart-Cousins.

13 SENATOR STEWART-COUSINS: Thank
14 you, Mr. President. Would the resolution
15 sponsor yield for some questions?

16 ACTING PRESIDENT GRIFFO: Senator
17 DeFrancisco, do you yield?

18 SENATOR DeFRANCISCO: Yes.

19 ACTING PRESIDENT GRIFFO: He
20 does, Senator Stewart-Cousins.

21 SENATOR STEWART-COUSINS: Yes,
22 Senator DeFrancisco. You know, we've been
23 talking about many of the global issues in the
24 budget. And I think obviously we all
25 represent districts, and so therefore we can

1 become parochial. I try not to do that too
2 often. But in this case, because of the
3 ramifications of what is happening in this
4 budget, I must.

5 So my questions to you are with
6 regard to the school district of the City of
7 Yonkers. One of the things that you said in
8 your opening statement is that you took a look
9 at the high-needs districts, you added
10 \$200 million, and you found a way to help the
11 rural high-needs districts. I'm wondering if
12 there was any consideration to the plight of
13 the Big Five. Because Yonkers, being the
14 fourth largest city, is one of the Big Five
15 school districts. Was there any look at that,
16 Senator DeFrancisco?

17 ACTING PRESIDENT GRIFFO: Senator
18 DeFrancisco.

19 SENATOR DeFRANCISCO: Under our
20 budget, the City of Yonkers gets \$17.5 million
21 in funding beyond the state education formula.
22 Other large cities get certain grants. But I
23 know Syracuse, where I come from, which isn't
24 much different in population than Yonkers, I
25 don't think, it's a grant of about \$3 million.

1 So I think Yonkers did extremely well under
2 this budget proposal.

3 SENATOR STEWART-COUSINS: Thank
4 you. Would the sponsor continue to yield?

5 ACTING PRESIDENT GRIFFO: Senator
6 DeFrancisco, do you yield?

7 SENATOR DeFRANCISCO: Yes.

8 ACTING PRESIDENT GRIFFO: He
9 does.

10 SENATOR STEWART-COUSINS: Thank
11 you. I do appreciate that. And that has been
12 the case, certainly, so it's not new in this
13 budget. It has been the case because Yonkers
14 is one of those cities that is located in
15 Westchester County. The formula has always
16 been based on wealth of the area, and the City
17 of Yonkers is in the category of a wealthy
18 county, yet the school district itself is the
19 place where about 75 percent of the school
20 children have free or reduced lunches.

21 So Yonkers is in a unique position.
22 It is an urban school district in a very
23 wealthy county, yet the formula that either
24 looks at this or that doesn't look at the high
25 needs of the school district itself. And

1 because that happens, we as a state have wound
2 up doing a number of things.

3 In 2002, we spent \$300 million to
4 settle a suit that said that the state could
5 have been funding Yonkers better. That went
6 on for five years. And after that, the video
7 lottery terminal money, in order to help,
8 again, repair the inequities, was targeted to
9 the Yonkers School District.

10 So the additional \$17.5 million
11 grant that you talk about -- which you're
12 right, has been there every year -- is because
13 we have not since I've been here, 2007, and
14 certainly prior to that, not been able to find
15 a formula that actually works for the City of
16 Yonkers, which is, again, an urban school
17 district in a relatively wealthy county with a
18 high-needs student population and a growing
19 student population. Which brings me to my
20 next point.

21 But I guess my question was -- and
22 I guess you feel that, you know, you answered
23 it when you said that it gets \$17.5 million.
24 The question that I wanted to know is when you
25 look at what the proposed cut in the

1 Governor's budget was in terms of the Big
2 Four, were you able to take a look at what
3 Yonkers was getting relative to what the other
4 Big Four cities got?

5 SENATOR DeFRANCISCO: Well, I'm
6 being told now, because I did not have the
7 specific information on Yonkers, but I've been
8 told that including the grant that has been a
9 traditional grant, and the monies provided by
10 the State of New York through the state aid
11 formula in the Governor's budget, Yonkers
12 decrease would have been around 8 or
13 9 percent.

14 SENATOR STEWART-COUSINS: You're
15 absolutely right.

16 SENATOR DeFRANCISCO: Okay.
17 Well, I'm not right; I was told that.

18 SENATOR STEWART-COUSINS: Your
19 advice is correct.

20 SENATOR DeFRANCISCO: I had no
21 clue.

22 But where we were directing the
23 additional funds that I spoke to earlier were
24 those districts that had the high teens and
25 low 20 percent, the rural districts upstate,

1 which got about 68.01 percent of the
2 additional funds, I'm sure they would be
3 ecstatic if their cut was only 8 or 9 percent
4 as opposed to 17, 18, 21, 22 percent.

5 SENATOR STEWART-COUSINS: Thank
6 you. Will the sponsor continue to yield?

7 ACTING PRESIDENT GRIFFO: Senator
8 DeFrancisco, do you yield?

9 SENATOR DeFRANCISCO: Yes.

10 ACTING PRESIDENT GRIFFO: Senator
11 Stewart-Cousins.

12 SENATOR STEWART-COUSINS: Thank
13 you. I asked you that because again, as you
14 spoke about regions, I wanted for you in this
15 regional concept to look at Yonkers as part of
16 the region of the Big Five. And your response
17 in terms of it being 9 percent, approximately
18 8 percent cut, puts it in a higher cut range
19 than every other city -- with the exception of
20 New York -- in the Big Five.

21 So in the region where my big city,
22 Yonkers, is, it has been disproportionately
23 cut to begin with. That is my point.

24 Will the sponsor continue to yield?

25 SENATOR DeFRANCISCO: Yes.

1 ACTING PRESIDENT GRIFFO: Senator
2 DeFrancisco yields.

3 Senator Stewart-Cousins.

4 SENATOR STEWART-COUSINS: Yes.
5 Senator DeFrancisco -- and again, I want to --
6 I appreciate the frankness and talking about
7 looking at high-needs rural districts. I just
8 want to bring your attention to this region of
9 big cities, of which Yonkers has been
10 disproportionately negatively impacted with
11 the cut.

12 Are you aware that the video
13 lottery terminal money that the cities
14 receive, and specifically the City of Yonkers
15 receives, is again as a result of the
16 settlement that happened in 2002 that gave
17 \$300 million over a five-year period to the
18 City of Yonkers, and then the VLT money kicked
19 in, it was for the school district? Were you
20 aware?

21 SENATOR DeFRANCISCO: I'll take
22 your word for it. I don't know that.

23 SENATOR STEWART-COUSINS: It is.
24 The city, again, as the grant -- the video
25 lottery terminal money has consistently been

1 part of an effort to make some sort of sense
2 so that the school district and its children
3 can thrive. Are you --

4 ACTING PRESIDENT GRIFFO: Senator
5 Stewart-Cousins, are you --

6 SENATOR STEWART-COUSINS: Yes,
7 Through you, Mr. President, will the sponsor
8 continue to yield?

9 SENATOR DeFRANCISCO: Yes.

10 ACTING PRESIDENT GRIFFO: Senator
11 DeFrancisco yields.

12 Senator Stewart-Cousins.

13 SENATOR STEWART-COUSINS: Senator
14 DeFrancisco, are you aware that in the I guess
15 attempt to help other municipalities, the
16 grant which goes to the school district of
17 Yonkers -- not the grant, the VLT money that
18 goes to the school district of Yonkers --
19 which, by the way, we have legislation that
20 that's been sponsored to try and get more,
21 because again, we're always trying not to lose
22 the personnel and the services -- which I will
23 go into later but I won't bore you with right
24 now as to how much we've had to cut.

25 Are you aware that in this

1 redistribution \$15 million of targeted school
2 aid is now out of the City of Yonkers video
3 lottery terminal resources, that it is now out
4 and apparently redistributed so that the cut
5 that was originally 8 percent, which we were
6 trying to mitigate, is now almost 14 percent?
7 Are you aware of that?

8 SENATOR DeFRANCISCO: I was not
9 aware of that.

10 SENATOR STEWART-COUSINS: Okay.
11 I'm glad that I can enlighten you. Obviously,
12 this is a problem. It is a problem because
13 this is the fourth largest school district in
14 the state. And at this point -- and I know
15 from what you said you care about
16 disproportionality -- what is happening in
17 this city will give not only a city that was
18 sort of trying to come back a real kick
19 backwards, but it will fail the students of
20 one of the largest cities in this state.

21 So thank you.

22 ACTING PRESIDENT GRIFFO: Thank
23 you, Senator Stewart-Cousins.

24 Senator Diaz.

25 SENATOR DIAZ: Thank you,

1 Mr. President. Mr. President, on the
2 resolution.

3 ACTING PRESIDENT GRIFFO: Senator
4 Diaz on the resolution.

5 SENATOR DIAZ: I am going to
6 speak on the resolution. And I will not ask
7 Senator DeFrancisco questions, because I know
8 what is an exercise in futility. That means
9 that we could be here all night, tomorrow,
10 asking Senator DeFrancisco questions, there's
11 nothing going to happen.

12 The fact of the matter is that you,
13 the Senators on the Republican side, and five
14 Democrats that join with you, will vote for
15 it. Because no matter what we say, no matter
16 what we do, you got five Democrats with you
17 and it's going to be approved. So that's what
18 I call an exercise in futility. So, ladies
19 and gentlemen, that's why I'm not going to ask
20 Senator DeFrancisco questions.

21 But I'm going to say, I'm going to
22 speak about a little history. In 2009 we, the
23 Democratic side, was in control of this
24 chamber. And in 2009 we saw the need to avoid
25 what I saw today. I saw today paraplegics in

1 beds, in wheelchairs, and they were trying to
2 breathe. All over this house and all over
3 this building, paraplegics, paraplegics asking
4 us, Please don't cut my services, please help
5 us. They couldn't even breathe.

6 Do you people think that it is
7 fair, it is just for us to put them through
8 this agony? I saw senior citizens that can't
9 even walk, all over the place: "Please help
10 us." Do you really think that it is fair for
11 us, that it is -- humanly speaking, that it
12 is -- that it makes any sense for us to put
13 paraplegics, handicaps, blind people, senior
14 citizens that can't even walk through this
15 agony? It doesn't make sense to me.

16 But in 2009, we saw this. And to
17 avoid this, under the leadership of Senator
18 Sampson, we decided to put something called, I
19 believe, millionaire tax, to find some money
20 to avoid this crisis and this agony to these
21 people. And that created 4 -- one, two,
22 three, \$4 billion to help with the crisis.

23 What I don't like and what I feel
24 ashamed today, what I feel ashamed today here,
25 is that my colleague Senator Espaillat asked a

1 question to Senator DeFrancisco and Senator
2 DeFrancisco said, Hey, hey, we only supported
3 what the Governor is doing, a Democratic
4 Governor doing. Hey, the other house,
5 controlled by Democrats, they are not doing
6 it. What are you criticizing me for?

7 That is shameful. That is
8 shameful. I would love for Senator Skelos and
9 the Republicans to put this money back and to
10 avoid this crisis. But a Democratic Governor,
11 before putting this through, he should sit
12 down and look at those paraplegics and look at
13 those senior citizens and look at those people
14 that's going to be hurt and say, I can't do
15 this, I am going to have to extend this
16 millionaire tax, \$4 billion that I could
17 prevent these paraplegics to come around here
18 crying, leaving their houses from all over the
19 state -- from all of your districts, all of
20 your districts.

21 And by the way, and by the way, the
22 majority of them -- no, not the majority. I
23 didn't even see one Hispanic or one black.
24 Paraplegics crying in wheelchairs, in beds,
25 crying for their services, crying for help.

1 That could have been solved, that could have
2 been solved if we put this -- if we extend, if
3 we extend this millionaire tax, that could
4 help. But the Democratic Governor say no, I
5 don't care, pull it out, don't put it. And
6 also the other house, controlled by Democrats,
7 should also put it in and should also include
8 the rent and should also do what we Democrats
9 supposed to be fighting for.

10 It is a shame that we have to come
11 here to fight with the Republicans when a
12 Democratic Governor is the one doing this. It
13 is a shame for me to hear Senator DeFrancisco
14 saying that the other house didn't put the
15 rent and didn't put the housing and didn't put
16 this thing that we're fighting for.

17 So that's why I'm saying this is an
18 exercise in futility. They're telling me to
19 shut up.

20 (Laughter.)

21 SENATOR DIAZ: Senator, shut up.
22 The story of my life.

23 (Laughter.)

24 SENATOR DIAZ: I'm not insulted.
25 I'm not going to shut up. That is the story

1 of my life. People never want to hear what I
2 have to say.

3 ACTING PRESIDENT GRIFFO: Does
4 that include your wife?

5 SENATOR DIAZ: That's okay, my
6 wife is here today.

7 (Laughter.)

8 SENATOR DIAZ: People don't want
9 to hear what I have to say. So yes, I'm going
10 to shut up.

11 Senator Skelos, you could be a
12 hero. Senator Skelos, you could be the hero.
13 You could be the hero of the Republican Party
14 saying, We are going to undo what the
15 Democrats are doing, we're going to help the
16 paraplegics, we're going to put that money
17 back. You could be the hero. You don't have
18 to support the Democratic Governor. You don't
19 have to support what the other house of
20 Democrats is doing. Show them that you really
21 care, that you really care for the
22 paraplegics, for the senior citizens, for the
23 people.

24 And what with that, I comply with
25 your request, Madam. I am shutting my mouth

1 up. Thank you.

2 ACTING PRESIDENT GRIFFO: Thank
3 you, Senator Diaz.

4 Senator Breslin.

5 SENATOR BRESLIN: Thank you,
6 Mr. President. Would Senator DeFrancisco
7 yield for a question?

8 SENATOR DeFRANCISCO: Absolutely.

9 ACTING PRESIDENT GRIFFO: Senator
10 DeFrancisco will yield.

11 Senator Breslin.

12 SENATOR BRESLIN: Through you,
13 Mr. President. The Governor's Medicaid Design
14 Task Force had a number of proposals --

15 ACTING PRESIDENT GRIFFO: Excuse
16 me, Senator Breslin.

17 Can we have some order in the
18 house, please? Thank you.

19 Senator Breslin.

20 SENATOR BRESLIN: The Medicaid
21 Redesign Task Force had a number of proposals.
22 One of them was to provide a level of
23 payment -- a wage floor for home health care
24 workers. And that doesn't have any expense to
25 us as a state. But it seems as though it may

1 not be in your budget. Can you tell us if it
2 is, and if it isn't, why?

3 SENATOR DeFRANCISCO: It is not.
4 And the reason why is that in this difficult
5 budget time we have to be consistent with
6 people. Teachers are being laid off, state
7 employees are being laid off. And in
8 addition, people who work with the most
9 seriously developmentally handicapped people
10 had a scheduled COLA increase this year that
11 was held up because of the budget crisis.

12 We thought it was unfair to provide
13 a pay increase to one segment of individuals
14 who were at the table at the MRT, it would be
15 unfair to all the other employees who are
16 suffering dire consequences. So that was the
17 reason. And, you know, that's something that
18 we don't believe should be in there. My guess
19 is the other house probably will, and that's
20 something that will have to be negotiated.

21 SENATOR BRESLIN: Through you,
22 Mr. President, if the sponsor will continue to
23 yield.

24 SENATOR DeFRANCISCO: Yes.

25 ACTING PRESIDENT GRIFFO: Senator

1 DeFrancisco yields.

2 Senator Breslin.

3 SENATOR BRESLIN: Would it have
4 been possible to put the COLA in which would
5 have made them more equal, given the fact, as
6 you said, they really service the most
7 vulnerable in our population?

8 SENATOR DeFRANCISCO: Sure, it's
9 possible to add whatever you want to add, and
10 then -- but where do you stop at that point
11 when we're giving -- then we're giving
12 increases to some, laying off state employees,
13 making school districts lay off other
14 individuals.

15 I think it's got to be consistent
16 that if everyone is not getting raises or some
17 are getting laid off, the workforce of the
18 state is in many instances being cut by
19 10 percent, I think that's the way to be
20 consistent, because you can't restore for
21 everybody.

22 SENATOR BRESLIN: Through you,
23 Mr. President, will the sponsor continue to
24 yield.

25 ACTING PRESIDENT GRIFFO: Senator

1 DeFrancisco, do you yield?

2 SENATOR DeFRANCISCO: Yes.

3 ACTING PRESIDENT GRIFFO: Senator
4 Breslin.

5 SENATOR BRESLIN: Thank you,
6 Mr. President.

7 More now on regional. As a Senator
8 from upstate, I was very pleased when economic
9 councils were set up to be administered by the
10 Lieutenant Governor. And it's my
11 understanding that there was an appropriation
12 put forth by the Governor of approximately
13 \$130 million for the Lieutenant Governor to
14 run those councils. Can you tell us what's
15 happened to that financing?

16 SENATOR DeFRANCISCO: There
17 was -- it was simply a \$130 million, or
18 whatever the number was, amount that was in
19 the budget with no language attached to it. I
20 think it was our feeling that it would have
21 been irresponsible to simply create a program
22 without knowing what the program was.

23 So this is something that we're
24 interested in pursuing and working with the
25 Governor on, whether it's this or another

1 economic development program. But to agree to
2 something we don't know the details of, we --
3 at least I did, and many of us did -- felt it
4 was irresponsible.

5 SENATOR BRESLIN: Thank you.

6 On the bill.

7 ACTING PRESIDENT GRIFFO: Senator
8 Breslin on the resolution.

9 SENATOR BRESLIN: Hopefully I'll
10 confine my remarks generally to the upstate
11 area. But we in upstate really look forward
12 to those economic councils. The first time we
13 have a Lieutenant Governor from upstate --
14 first stripped of his authority, some of his
15 authority as a Lieutenant Governor -- and now
16 \$130 million which we thought would have been
17 used for upstate economic development is gone
18 from the picture. Hopefully we can move to
19 restore that later.

20 And when I look around, I see in
21 the budget the addition of New York City OTB,
22 something that the majority voted against this
23 past summer when that was a major issue --
24 excuse me, last summer. And that OTB bill for
25 New York City that's been placed back in the

1 budget to me affects upstate again, in a
2 negative way. It affects Saratoga, it affects
3 NYRA, it affects the harness track at
4 Saratoga. And not very good for us in
5 upstate.

6 I look forward in this budget to
7 really being responsible. I sat here in the
8 minority for 12 years arguing we should do
9 more for upstate economic development. I
10 don't see it in this budget resolution put
11 forward by the majority. And again, upstate
12 languishes and suffers.

13 I don't see anything in this budget
14 on UB 2020. Again, major, major part of
15 upstate. Also I would have been delighted to
16 see University of Albany be included in that
17 as well.

18 And there's minor parts of this
19 budget that trouble me. I look at -- you
20 know, when we're all one New York, as Senator
21 Smith said -- we're not upstate, we're not
22 downstate, we're not Democrat or Republican.
23 And I look at the Environmental Protection
24 Fund, and it lists open space programs. The
25 Governor put forth certain sums of money and

1 really kept them at the levels they were in
2 the past, and I applaud the Governor for doing
3 that. And I go down, and program after
4 program after program in the open space
5 program the Senate Majority leaves intact,
6 with one exception, that being an open space
7 program that happens to be located in my
8 district -- probably a coincidence -- the
9 Albany Pine Bush. Hopefully at a later point
10 that will be restored.

11 But again, it's the lack of
12 emphasis on upstate, the lack of recognizing
13 the fact that we in upstate have suffered for
14 so many years, we've been cast aside. And we
15 need that economic development. It's not
16 present here. And I hope before April 1st,
17 with the help of my Democratic Minority, that
18 we will be able to do more for upstate and do
19 more for economic development, to do more to
20 resurrect an area that has been languishing
21 for many, many years.

22 Thank you, Mr. President.

23 ACTING PRESIDENT GRIFFO: Thank
24 you, Senator Breslin.

25 Senator Liz Krueger to close for

1 the minority.

2 SENATOR LIZ KRUEGER: Thank you.

3 Thank you, Mr. President.

4 Well, you've heard from many of us
5 today with our questions and our concerns
6 about this budget resolution. I suppose I
7 want to reemphasize, reemphasize one of the
8 greatest concerns we face today is that we
9 believe this proposal, as an alternative to
10 the Governor's budget resolution, will put us
11 a billion dollars more in debt. One billion
12 dollars of revenue is not explained in this
13 budget.

14 And I know there was a great deal
15 of back and forth before, and I appreciate
16 Senator DeFrancisco's comments to me. But I
17 was also reading some blogs since then where
18 other Republican Senators are saying "On a
19 wing and a prayer, maybe this will all add
20 up."

21 I don't think it will add up. I
22 think at the end of the day, if this became
23 law, \$1 billion more in debt. And yet in so
24 many ways we didn't address the critical
25 issues for middle-class families. My

1 colleague Senator Breslin just highlighted
2 some of the issues and the impact specifically
3 for upstate New York.

4 This bill has lots of detail that
5 was not discussed today. Because again, we
6 got the summarized version of the resolution
7 at 10:30 this morning. And then we learned
8 there were some changes after that -- and
9 that's okay, we're allowed to make mistakes
10 and we're allowed to fix the mistakes. But
11 again, a \$130 billion budget, a resolution
12 that makes significant changes to every part
13 of that budget, a billion dollars more
14 expenditures than revenue as the proposal.

15 This wasn't enough time. This
16 wasn't enough thought put into it. We learned
17 it doesn't address UB 2020. And many of my
18 Republican colleagues have said they're not
19 doing a budget that doesn't address UB 2020.
20 It doesn't address property tax relief or
21 mandate relief for the localities that so many
22 of my colleagues on both sides of the aisle
23 have been so eloquent about. We're not
24 dealing with the STAR program or the rebate
25 check issues or property tax relief. Even

1 though I'm not a big fan of caps, we're not
2 even dealing with the tax cap.

3 Mr. President --

4 ACTING PRESIDENT GRIFFO: Excuse
5 me, Senator Krueger.

6 May I have order in the chamber,
7 please, so we may hear the Senator.

8 Senator Krueger, you may continue.

9 SENATOR LIZ KRUEGER: Thank you
10 so much.

11 Obviously we're all good people who
12 want to do the right thing for the people of
13 the State of New York. But I'm afraid that
14 that document is filled with empty promises
15 and in fact broken promises.

16 Now, we did have plenty of time,
17 apparently, in this document to undo some
18 major policy concerns. My colleague Senator
19 Espaillat was very eloquent when he talked
20 about that nothing to do with rent regulation
21 was in this bill, despite the fact that it has
22 an almost immediate impact on whether
23 2.5 million New Yorkers can continue to afford
24 their homes. But we did have time in this
25 bill to revisit LIFO issues for the teachers

1 of New York City and apparently violate
2 collective bargaining agreements in the
3 context of a budget resolution. I'm very
4 confused why we're revisiting that today.

5 It did have room to delay
6 low-sulfur diesel laws that we passed, which
7 is the number-one cause of air pollution in
8 urban areas -- in my own district, in fact.
9 It did have language to attempt to deconstruct
10 the authority of DEC in ensuring that the
11 Bottle Bill we passed in this state is
12 implemented correctly, and in fact may put in
13 a further hole in the state budget if we don't
14 have the authority to track and collect the
15 nickels from the bottles that are supposed to
16 be reimbursed to us in the state. But this
17 language, Part DD in this bill, would actually
18 gut the authority of the Office of Tax and
19 Finance to do the job they need to to get us
20 this money.

21 It guts an additional amount of
22 money from the Department of Environmental
23 Conservation. It guts, as Senator Diaz
24 described so eloquently, some of the most
25 critical human and social service programs for

1 people with special needs who live throughout
2 the State of New York.

3 This is not what we believe to be
4 should be the budget of the State of New York.
5 We still have a few weeks left to negotiate a
6 more serious budget for the state. I'm
7 assuming we will have conference committees
8 announced soon. And I'm assuming we'll get
9 another chance to reevaluate what's in here
10 and what's not in here before we complete the
11 budget for the State of New York.

12 But in closing, we want a fair
13 budget. We want a budget where we share the
14 pain. We want a budget where those in the
15 least need provide assistance to those in most
16 need. We want a responsible government who
17 recognizes our responsibility to all
18 New Yorkers by region, by district, by
19 recognition of the role of government to
20 provide assistance and services efficiently
21 and fairly to all 19 million New Yorkers.

22 So there's too much missing.
23 There's too much unexplained. There's too
24 many broken promises. I'm recommending a no
25 vote for my colleagues today. I will be

1 voting no.

2 Thank you, Mr. President.

3 ACTING PRESIDENT GRIFFO: Thank
4 you, Senator Krueger.

5 Again, I ask for order in the
6 chamber, please.

7 I recognize Senator Skelos to close
8 the debate.

9 SENATOR SKELOS: Thank you,
10 Mr. President.

11 Before I start my actual closing, I
12 forgot earlier today to thank Senator Diaz for
13 his kind comments when he said "For Immediate
14 Release: Senator Diaz announced today that
15 the New York State Senate has completely
16 restored Title 20 money programs in its
17 one-house budget bill. I'm pleased that
18 Senator Skelos and the Senate Republicans, as
19 well as my conference chairman John Sampson
20 and the Senate Democrats, worked to ensure
21 that this very important funding was
22 continued."

23 So I say, you know, thank you for
24 those kind comments, Reverend Diaz. And
25 certainly that should be enough reason for you

1 to vote for this budget resolution.

2 What Senator Espaillat -- and he's
3 not here right now. I was just curious, when
4 he was demonstrating in front of the
5 Governor's mansion a week or so ago, whether
6 he had the opportunity to ask the Governor why
7 he was not supportive of the so-called
8 millionaire's tax and if it disproportionately
9 hit certain people. But I don't know if he
10 ever had the opportunity to ask him that when
11 he was demonstrating.

12 What I do know is that the Senate
13 budget is largely in sync with Governor
14 Cuomo's priorities. And working together as
15 we now move to, hopefully, the general
16 conference committee this evening -- and I
17 know that the Assembly is taking up their
18 budget resolution -- that we can have an
19 on-time budget. That is the goal of our
20 Republican conference.

21 Our budget closes the \$10 billion
22 budget deficit without raising taxes, and the
23 PIT surcharge will be sunsetted. I should
24 point out that with \$14 billion in taxes and
25 \$14 billion in spending and billions of

1 dollars of money from the federal government,
2 I'd like to know what was accomplished in the
3 last two years that the Democrats were in the
4 majority, other than tax and spend and put us
5 into the deficit situation that we're in right
6 now.

7 I'm also extremely happy that our
8 budget -- and I want to thank Senator
9 DeFrancisco as our chair and all of the
10 members who participated in the budget
11 process. And in particular, I want to thank
12 Senator Hannon with health and Senator
13 Flanagan with education, because they devoted
14 an awful lot of time to come up with the
15 recommendations that are within this budget
16 resolution.

17 Now, school aid restorations have
18 been made, approximately \$280 million, which
19 are going to help. And it's targeted towards
20 the upstate rural districts that are most
21 reliant on state aid and were
22 disproportionately impacted in the Governor's
23 budget.

24 I should also point out, you know,
25 Senator Breslin mentioned that upstate has

1 been neglected over the years. And certainly
2 there is a lot more that needs to be done to
3 help upstate New York and all the regions of
4 the state. But boy, when I drive down
5 Washington Avenue to go to my condo, I see a
6 beautiful nanotech facility that the State of
7 New York put a billion dollars into, Senator
8 Breslin. And when you go up to Luther Forest
9 in Senator McDonald's district, I see a Global
10 Foundries facility being developed that's
11 probably another billion dollars, and
12 thousands of high-paying jobs being created
13 right here in the Capital Region, upstate.

14 So we're very happy that those
15 initiatives came from right here, our
16 Republican conference.

17 So I'm not going to go through all
18 the different aspects of this resolution other
19 than to say we're proud of this resolution,
20 we've made appropriate restorations, we've
21 eliminated cost shifts, we are allowing the
22 PIT to sunset. Speaker Silver and the
23 Assembly Democrats keep the PIT, so-called
24 millionaire's tax, in place. We raise
25 education aid by \$280 million, they raise it

1 by \$200 million.

2 So we're very proud of what we've
3 done in this resolution, and we look forward
4 to working with you, our friends on the other
5 side of the aisle, as we go through the
6 conference committee process, something that
7 for some reason was not used when you were in
8 the majority and the Budget Reform Act of 2007
9 was violated, the law was violated, because
10 you felt that no Republicans had to be in the
11 room because everything was Democrat-
12 controlled.

13 That's not the way it's going to be
14 this year. We want Democrat Senators
15 negotiating in public with us. We want
16 Assembly Democrats and Republicans negotiating
17 the finality of this budget with us. And we
18 want the Governor to participate, obviously as
19 he will, in this process.

20 So I'm hopeful with bipartisan
21 cooperation -- because that's what people
22 want -- that we will be able to put a budget
23 together that is going to be a challenge.
24 There are difficult choices to be made right
25 now, but the reality is we're dealing with a

1 \$10 billion deficit. The people of the State
2 of New York are saying cut government spending
3 the way their families are doing, don't raise
4 my taxes, and focus in on private-sector job
5 creation. And that's where this conference
6 will be.

7 So, Mr. President, I urge that all
8 of us support this resolution as the first
9 really legislative step in concluding the
10 budget process for this fiscal year.

11 ACTING PRESIDENT GRIFFO: Thank
12 you, Senator Skelos.

13 The question is on the resolution.
14 All in favor signify by saying aye.

15 (Response of "Aye.")

16 ACTING PRESIDENT GRIFFO:
17 Opposed, nay.

18 (Response of "Nay.")

19 ACTING PRESIDENT GRIFFO: Senator
20 Peralta to explain his vote.

21 SENATOR PERALTA: Mr. President,
22 to explain my vote.

23 Shared sacrifices. These are words
24 that we've heard throughout this entire
25 property. But when we look at this budget

1 process, is it really shared sacrifices? Now,
2 we all understand that spending cuts are
3 necessary. We all understand that we must
4 tighten our belts during this fiscal year.
5 But depending entirely on deep spending cuts
6 to balance the budget will make our most
7 vulnerable even more vulnerable.

8 Schoolchildren, especially New York
9 City minority children, seniors, the poor, all
10 need us here today to preserve essential
11 services and programs. Yet we're being asked
12 here today to forego an existing revenue
13 stream. Yet we're being asked here today to
14 cut taxes for the wealthiest and cut services
15 for the most vulnerable.

16 Simply put, this is not fair.
17 Simply put, this is not right. Cutting taxes
18 for the wealthiest while cutting services for
19 the most vulnerable is, as Senator Diaz put
20 it, shameful. And two out of three
21 New Yorkers seem to agree with this point. A
22 recent Marist poll found that 64 percent of
23 state voters support extending this surcharge,
24 compared to only 33 percent who oppose it.

25 And the same poll found that the

1 higher the person's income, the more likely
2 the person was to support extending the
3 surcharge. So much for the surcharge making
4 the millionaire's leaving with the state --
5 with the exception, of course, of Golisano.
6 In fact, in 2010, with the surcharge in place,
7 the number of millionaires increased by 35,000
8 from the year before, according to the
9 Wall Street Journal.

10 Another myth that has made the
11 rounds is that the surcharge is a jobs killer.
12 There's not a shred of evidence to support
13 this claim. Unless, of course, you're using
14 the metric of choice, which is the OFT-quoted
15 ranking that puts New York last for business
16 and has economic powerhouses such as South
17 Dakota, Alaska, and Wyoming at the top of
18 their list. And no doubt Sarah Palin would
19 argue Alaska's lofty standing is entirely
20 warranted.

21 But I'm not buying this argument,
22 I'm really not. The real jobs killer here is
23 layoffs, thousands of them, which will in turn
24 increase the unemployment roll. The way to
25 attract and retain businesses is by developing

1 an educated, skilled workforce. Everyone in
2 this chamber knows that. And everyone in this
3 chamber also knows that you don't develop an
4 educated, skilled workforce by laying off
5 thousands of people.

6 So let's set aside the sham
7 arguments. What we're really being asked to
8 consider here today is to pile new tax cuts on
9 top of other tax cuts for the wealthiest, and
10 to pile more service cuts on top of other
11 service cuts for our seniors and
12 schoolchildren and the poor.

13 ACTING PRESIDENT GRIFFO: Thank
14 you, Senator Peralta.

15 SENATOR PERALTA: It's that
16 simple. Because of the federal tax cuts that
17 were extended in December, those with incomes
18 of over \$1 million will pay an average of
19 \$34,000 less in federal taxes, according to
20 the Fiscal Policy Institute. We're talking
21 about a temporary --

22 ACTING PRESIDENT GRIFFO: Senator
23 Peralta -- Senator Peralta.

24 SENATOR PERALTA: If I could --

25 ACTING PRESIDENT GRIFFO: I've

1 been very generous in extending time today.
2 We're under a two-minute limit here. We have
3 a number of speakers.

4 SENATOR PERALTA: If I could just
5 finish my --

6 ACTING PRESIDENT GRIFFO: I'd
7 appreciate it if you can just complete your
8 thought right now, please.

9 SENATOR PERALTA: Yes. We're
10 talking about temporarily extending an
11 existing surcharge. We're talking about
12 temporarily extending an existing surcharge in
13 the face of a \$10 billion budget gap --

14 SENATOR LIBOUS: Mr. President, I
15 believe Senator Peralta is out of order. I
16 believe, under Senate rules, he has two
17 minutes to explain his vote. How long has he
18 taken to explain his vote? Point of order.

19 ACTING PRESIDENT GRIFFO: Senator
20 Peralta has exceeded that. Thank you, Senator
21 Libous. Your point of order is well-taken.

22 SENATOR LIBOUS: Thank you,
23 Mr. President.

24 ACTING PRESIDENT GRIFFO: Senator
25 Peralta, I'm going to recognize Senator

1 Kennedy. Thank you, Senator Peralta.

2 Senator Kennedy.

3 SENATOR PERALTA: Well, thank you
4 for allowing me to explain my vote. And thank
5 you for -- I will recommend that everyone in
6 this chamber vote nay on this budget
7 resolution.

8 ACTING PRESIDENT GRIFFO: Thank
9 you.

10 Senator Kennedy, please confine
11 yourself to two minutes, please.

12 SENATOR KENNEDY: Thank you,
13 Mr. President.

14 I rise today in opposition to this
15 budget resolution because I don't believe this
16 is what the constituents I represent in
17 Western New York want to see as New York
18 State's next budget.

19 We understand, in Western New York
20 and across New York State, the fiscal
21 condition of our state. We know that there's
22 tough decisions that need to be made. And
23 while there are pieces of this budget that I
24 do appreciate -- specifically, there's no
25 direct tax increases on hardworking

1 middle-class families or small businesses --
2 there are a few things missing from this
3 budget that are absolutely essential to the
4 health and well-being of the people of Western
5 New York.

6 It starts with UB 2020. In
7 January, the Western New York delegation and I
8 drafted a letter to the Governor asking that
9 he include UB 2020 policy reforms in his
10 budget proposal. The Governor included
11 important components of UB 2020, but absent
12 were the critical rational tuition provisions.

13 We proudly stood together in this
14 chamber, Democrat and Republican, just two
15 weeks ago to pass UB 2020 legislation. We
16 passed it with overwhelming bipartisan
17 support, a demonstration of our understanding
18 of how important UB 2020 is to the people of
19 Western New York. We handed the plan off to
20 the Assembly, and I urge our colleagues in the
21 Assembly to act on this important legislation
22 in their chamber.

23 But this budget resolution today,
24 as a Senate chamber, provides us the
25 opportunity to indicate our budget priorities.

1 It is a priority of Western New York to have
2 UB 2020 legislation fully implemented in the
3 budget. This budget resolution proposed today
4 does not do that.

5 So then we should indicate that in
6 these priorities the revitalization of Western
7 New York and our economic economy is one of
8 our priorities. UB 2020 must be put in as a
9 policy reform in its entirety. And I urge
10 opposition to this budget to anyone who is
11 supportive of UB 2020 in the implementation.

12 Thank you.

13 ACTING PRESIDENT GRIFFO: Thank
14 you, Senator Kennedy.

15 Senator Montgomery.

16 Again, I remind the members please
17 confine your comments to two minutes. Thank
18 you.

19 SENATOR MONTGOMERY: Yes, thank
20 you, Mr. President. To explain my vote.

21 I'm very, very sorrowfully going to
22 be voting no on this bill. There's one group
23 of people in our state who are the highest
24 unemployment, the highest drop-out rate
25 people, high school drop-out rate, the most

1 gang-involved, supposedly, involved with
2 selling drugs, the highest number of persons
3 in need of supervision, PINS, young people,
4 cost involving the courts, the police
5 departments, \$200,000 to \$210,000 to \$220,000
6 per young person for detention or placement.

7 So the Governor has heard from
8 every single citizen in the state, including
9 the counties, that we need to do something
10 about the high cost of having so many of a
11 particular group of young people end up in the
12 highest-cost system that is the least
13 effective in helping them turn their lives
14 around. Most of the young people that I'm
15 talking about are black and brown, mostly
16 young males, in our state.

17 And unlike some of my colleagues
18 who demagogue them as well as the commissioner
19 of the Office of General Services by calling
20 them criminals and by blaming her, it is on
21 all of us -- yet, yet neither the Republicans
22 in our house nor the Democrats, I'm sorry to
23 say, have seen fit to protect the centerpiece
24 of the Governor's attempt to address the
25 problem of these young people. And that is

1 the \$31 million that the Governor has proposed
2 that we take and spend to reverse this
3 horrible system.

4 ACTING PRESIDENT GRIFFO: Thank
5 you, Senator Montgomery.

6 SENATOR MONTGOMERY: And
7 therefore, I'm ashamed of the fact that we've
8 decided to steal the money from the kids and
9 do otherwise with it. Now, tell me that you
10 didn't do it.

11 ACTING PRESIDENT GRIFFO:
12 Senator Mont -- thank you.

13 SENATOR MONTGOMERY: And I'm
14 voting no on this budget.

15 ACTING PRESIDENT GRIFFO: Thank
16 you.

17 Senator Oppenheimer.

18 SENATOR OPPENHEIMER: I'll be
19 voting no, but I would like to say that much
20 of what's been done around education I'm
21 pleased with.

22 I'm voting no most specifically
23 because the problems that we experience where
24 I live are basically around the property tax.
25 And I see that there is a \$125 million cut out

1 of STAR, which is a reduction in the property
2 tax relief that we have been giving. This is
3 the opposite of what is needed in my county.
4 We don't need to have property tax reductions
5 taken away, we need to have them expanded.

6 And there isn't anything in the
7 resolution before us that restores any part of
8 STAR, either the STAR rebate check for the
9 middle class or for the seniors. Not even a
10 mention of a prior thought that we might
11 perhaps at a prior day start small and grow
12 larger. And of course there's nothing in here
13 that talks about relief from the MTA
14 surcharge.

15 These are the main issues of my
16 community. And as I have said to you so many
17 times, there is no county in our state that is
18 more beleaguered than Westchester with our
19 property taxes. So for that reason, even
20 though I support many parts of this budget
21 resolution, I will be voting against it.

22 Thank you, Mr. President.

23 ACTING PRESIDENT GRIFFO: Thank
24 you, Senator Oppenheimer, for your explanation
25 within the time period.

1 Senator Parker.

2 SENATOR PARKER: Mr. President,
3 to explain my vote.

4 I'm voting no because I really want
5 people to understand that we come from a
6 history of Republican fiscal irresponsibility
7 that includes late budgets. From 1995 to
8 2006, 10 out of 12 late years, for 819 days
9 late, nearly three full years, and 97
10 extenders totaling \$73 billion.

11 We're talking about a history of
12 Republican budget overspending. Under
13 Republican rule during the Pataki-Bruno-
14 Skelos years from 1996 to 2008, the state
15 budget grew nearly a hundred percent, from
16 \$62 billion to \$121 billion. Despite talking
17 about controls, the Republicans regularly
18 violated their own plan of a state spending
19 cap 24 of the last 28 times they were in
20 control.

21 Creating debt. The Republicans
22 have a history of creating debt. And between
23 1997 and 2008, the state debt grew from 31 to
24 \$54 billion, causing the debt load
25 attributable to each man, woman and child in

1 New York State to soar from \$1774.56 in 1997
2 to now a whopping \$2,675.70. The Republicans
3 have doubled the debt service in the state.
4 And not only did the Republicans turn a blind
5 eye to accruing debt, but they also committed
6 the state to poor loan agreements resulting in
7 a doubling of the state's annual debt service
8 from \$3 billion annually in 1997 to \$5.8
9 billion in 2009.

10 And lastly, nearly \$25 billion in
11 one-shots and sweeps. Besides overspending
12 and debt, they voted to enact approximately
13 \$24.678 billion in one-shots and sweeps, money
14 many education and healthcare programs could
15 rely on now had they not been wasted during a
16 good economy to cover for their indulgence.

17 ACTING PRESIDENT GRIFFO: Thank
18 you, Senator Parker.

19 SENATOR PARKER: This budget
20 resolution -- I'm wrapping up right this
21 second, President Griffo -- this doesn't
22 address the structural reforms. This is more
23 of the same. I urge everybody to vote no
24 because this state can and must do better.

25 ACTING PRESIDENT GRIFFO: Senator

1 Grisanti.

2 SENATOR GRISANTI: I rise for a
3 couple of reasons. There is a concern, it's
4 basically the UB 2020. UB 2020 is not dead.
5 In fact, there are messages in this bill that
6 affect UB 2020.

7 What we need to do is focus on the
8 Assembly. This Senate, my colleagues and
9 friends, passed it here. The Western New York
10 delegation in the Assembly need to step up to
11 the plate and get it done. We also need, as
12 Senators, we need to rise in the Western
13 New York district and go after the
14 \$138 million that is sitting there for UB to
15 build their capital projects. Procurement is
16 already in there, as well as other issues.

17 UB 2020 is not dead. It's just
18 beginning, it's alive. We've addressed the
19 issues; it's up to the Assembly and my
20 colleagues there.

21 As Senator DeFrancisco stated, I am
22 pleased in the resolution additional funding
23 has been allocated for education to upstate,
24 especially the high-needs districts. This is
25 also important. I'm not just a one-issue

1 person with UB 2020, I have educational
2 concerns in my district as well. The
3 restoration of \$260 million plus will go far
4 in the high-needs districts that I represent.

5 I'm happy about a restoration that
6 everybody forgot here, to the 4201 schools
7 that were knocked out. Tell that to the deaf,
8 the blind and the disabled, to go to a regular
9 school. Tell them that to their face. And
10 I'm happy with the restoration of funds to
11 Roswell, another key component of my area.

12 I vote yes on this resolution for
13 the issues that I've just stated. Thank you
14 very much.

15 ACTING PRESIDENT GRIFFO: Senator
16 Ruth Hassell-Thompson.

17 SENATOR HASSELL-THOMPSON: Thank
18 you, Mr. Chairman -- Mr. President. My mike
19 seems to be very short for a tall woman.

20 I will be voting no on this
21 resolution today, sadly. There have been some
22 restorations of programs, particularly like
23 our Title 20 and some other things. But there
24 seems to be an unfairness in the way in which
25 the restorations to education were made.

1 Rather than to restore and take the
2 recommendations that this conference has made
3 about how we could extend the millionaire's
4 tax so that we could restore at least
5 35 percent of the Governor's intent to ensure
6 that, number one, we keep faith with the
7 commitment made to CFE, which is not in this
8 budget, and to have deprived the Yonkers
9 School District -- with all of the
10 difficulties and problems that it has -- of
11 its funding shows a selfish lack of
12 consideration for all of the Big Fives.

13 Yonkers has struggled in this
14 conference, and I have sat here 10 years when
15 there was other representation for Yonkers and
16 seen infusions of dollars continue to pour
17 into Yonkers. And suddenly Yonkers gets not
18 only ignored but gets deliberately violated
19 and passed over.

20 This budget does not show fairness
21 to education for all of the children of the
22 State of New York. And until we begin to
23 understand that all children deserve to be
24 educated fairly and appropriately and
25 adequately, I will be voting no on every

1 resolution that creates an unfair barrier to
2 education for all children and who would put
3 prisons over education as the institution of
4 choice for children of color.

5 Thank you.

6 ACTING PRESIDENT GRIFFO: Senator
7 Perkins.

8 SENATOR PERKINS: Thank you very
9 much. I want to just briefly associate myself
10 with a lot of the arguments made by my
11 colleagues on this side, especially those who
12 articulated so well the concern that the
13 millionaire's tax is available to us to offset
14 a lot of the needs that would otherwise have
15 to be cut out of the budget and that does not
16 have to be delayed or -- and that we can take
17 some initiative to make happen.

18 Real rent reform is a very
19 important concern in terms of those of us that
20 live in this city as well as others who live
21 throughout the state. Millions of our
22 constituents are subject to losing their
23 homes, and we can make a difference in this
24 budget if we pass the bill that my colleague
25 Senator Espaillat so wonderfully articulated

1 while we're doing the budget.

2 And so I want to associate myself
3 with that and to therefore respectfully vote
4 against this resolution. Thank you.

5 ACTING PRESIDENT GRIFFO: Thank
6 you, Senator Perkins.

7 Senator Duane.

8 SENATOR DUANE: Thank you,
9 Mr. President.

10 I wanted to add my voice to the
11 voice of many others that you've heard on this
12 side of the aisle in voting no on this
13 resolution, but hoping that we'll all move
14 forward in a bipartisan manner -- I'm more
15 concerned with this house than the other
16 house, since we're actually in this house --
17 that we can all come together and pass an
18 on-time budget which does not negatively
19 impact those New Yorkers who most need the
20 assistance and help of government and a budget
21 which protects working people and which will
22 add jobs and economic development to our
23 state.

24 With that, I'm voting no. But I'm
25 an eternal optimist, Mr. President. Thank

1 you.

2 ACTING PRESIDENT GRIFFO: Senator
3 Squadron.

4 SENATOR SQUADRON: Mr. President,
5 to explain my vote. I will be joining many of
6 my colleagues who have raised such concerns
7 about this resolution.

8 Look, there are some things in the
9 resolution that are promising. The problem is
10 they're not real. And the last thing the
11 people of the State of New York need is more
12 broken promises, more being told that one
13 thing is going to happen but in practice it
14 not be impossible. And this resolution, as my
15 colleagues Senator Krueger and others talked
16 about, has that. It leaves out -- even while
17 doing that, it leaves out much of what we need
18 to do.

19 It doesn't sufficiently take care
20 of the promise of increased education funding
21 that children across the state are and have
22 been due for years now. It doesn't
23 sufficiently restore the human services that
24 protect those who especially in this time need
25 the most among us. And it does nothing to

1 prevent the largest tax increase in effect on
2 tenants that we've ever seen in this state
3 because we have rent regulations, as Senator
4 Espaillat so eloquently talked about, expiring
5 and we have tenants, millions of tenants in
6 New York City and the surrounding counties who
7 are at risk of having the state impose the
8 largest cost or tax increase they've ever
9 seen.

10 So for those reasons, this
11 resolution simply isn't good enough. The
12 restorations are welcome. Unfortunately,
13 they're not real, they don't go far enough,
14 and it leaves out too many other key policy
15 proposals. I'll be voting no, Mr. President.

16 ACTING PRESIDENT GRIFFO: Seeing
17 no other Senator who wishes to explain their
18 vote, I call upon Senator DeFrancisco to
19 complete explanations of votes.

20 SENATOR DeFRANCISCO: I'm going
21 to vote yes. And the only point I wanted to
22 make is that, you know, there's been various
23 points made about things people don't like in
24 this one-house budget. I don't like
25 everything either. And I'll bet if you go to

1 each one of the Senators on either side of the
2 aisle they could find many items that they're
3 not quite happy with.

4 This is a starting point. This is
5 a fair starting point to bring the state's
6 fiscal house back in order and to provide some
7 restorations, as much as we can, for some
8 vital services. We're now going to go into
9 the joint conference committees, and everyone
10 on both sides of the aisle will have a say at
11 those public meetings, and hopefully we all
12 together can come up with a budget in a
13 responsible way, on time, that the State of
14 New York and all of us can be proud of.

15 Thank you, Mr. President.

16 ACTING PRESIDENT GRIFFO: Thank
17 you, Senator DeFrancisco.

18 The resolution is adopted.

19 Senator Libous, there's another
20 motion before the desk.

21 SENATOR LIBOUS: Can we go to
22 motions and resolutions.

23 ACTING PRESIDENT GRIFFO: On
24 motions and resolutions.

25 SENATOR LIBOUS: Thank you,

1 Mr. President.

2 On behalf of Senator Fuschillo, I
3 would move that the following bill, Senate
4 Print 3624, be discharged from its respective
5 committee and be recommitted with instructions
6 to strike the enacting clause.

7 ACTING PRESIDENT GRIFFO: So
8 ordered.

9 SENATOR LIBOUS: Mr. President, I
10 have an announcement that the Energy Committee
11 meeting scheduled for tomorrow at 9:00 a.m.
12 has been postponed till next week. So members
13 of the Energy Committee, there will be no
14 Energy Committee tomorrow morning, it's
15 postponed until next week.

16 Mr. President, is there any further
17 business at the desk?

18 ACTING PRESIDENT GRIFFO: There
19 is no further business before the desk,
20 Senator Libous.

21 SENATOR LIBOUS: The Senate will
22 stand adjourned until March 16th at 11:00 a.m.

23 ACTING PRESIDENT GRIFFO: On
24 motion, the Senate stands adjourned until
25 Wednesday, March 16th, at 11:00 a.m.

1 (Whereupon, at 4:53 p.m., the
2 Senate adjourned.)
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