



**Testimony on the
2025-26 Executive Budget Proposal
Joint Legislative Budget Committee**

Mayor Mike Spano
City of Yonkers

February 4, 2025

Good afternoon Chairman Pretlow, Chairwoman Krueger, members of the Senate and Assembly, my friends and colleagues, and our Yonkers Delegation, Senate Majority Leader Andrea Stewart-Cousins, Senator Shelley Mayer, Assemblyman Nader Sayegh and Assemblywoman Mary Jane Shimsky.

Thank you for welcoming me.

I respectfully submit to you the financial needs of Yonkers.

YONKERS PUBLIC SCHOOLS

Let's start with our schools.

During my time as Yonkers Mayor, I've made it my priority to work hand-in-hand with Yonkers Public Schools – being their voice and advocate here in Albany and at home.

For fourteen years, my testimony here has not changed, because frankly, the funding for Yonkers students has not changed. While the funds you have been able to secure for us are appreciated and have been put to good use, it skims the surface of what is needed. Yes, Yonkers leads the Big 5 in graduation rates for the past nine years and is designated a model community by the Obama Foundation – but this is all too often accomplished with help of non-recurrent aid.

Just to keep our schools whole, we've had to break the tax cap three times, raise sales tax, absorb the Schools' deficits and combine departments – all of which go towards our obligation to fund Yonkers Public Schools. We've exhausted the local taxpayers. The fact remains that when it comes to Yonkers, the inequity in funding still exists. Simply put, the fully funded Foundation Aid formula as it exists today does not help Yonkers.

But we know, with your help, we can navigate these challenges together. Like many school districts, we were encouraged this year by the Rockefeller Institute report. The report acknowledges ways to adjust the imbalance in the Foundation Aid formula to districts like Yonkers. The report says, "the current nine-region construct of the RCI does not adequately reflect the cost differences faced by individual school districts." The report suggests a more equitable solution by calculating the expected local share of education contribution by comparing district wealth with the cost of hiring local teacher talent by county- not based on teacher pay from six counties north in the Hudson Valley region. Under the report's recommended metric for comparing educational expenditures, called the Comparable Wage Index for Teachers (CWIFT), it is clear that Westchester County has the highest costs in the State. CWIFT would reflect current county economic conditions and properly reflect the variations in competitive teacher wages and not rely on an almost 20-year-old data point that doesn't work.

Similar to what the State rightfully did for minimum wage in Long Island, New York City and Westchester, the Legislature needs to recognize that the towns or cities that border New York City to the north compete for professional talent at similar costs or even greater costs. I encourage the Legislature to recognize the same disparity and alter the calculations for education aid by adopting CWIFT. Heed the Rockefeller Institute's recommendations and fund Yonkers Public Schools based on the economic costs of running a school in our county, and not those 100 miles north of us.

Additionally, ten years ago, I came to you for assistance in plugging a \$50 million hole with the District that jeopardized hundreds of teacher and staff jobs and services in and outside the classroom. With your support, legislation passed allowing the merger of five of Yonkers' city and school nonacademic departments, consolidating costs and alleviating \$10 million annually from the District's budget. Today, after the City has paid back all the debt service costs of the deficit financing, the IMA between the City of Yonkers and the Yonkers Board of Education stands as a model on how to manage the rising costs of education in our country. Similar to funding available for district reorganization, I urge the Legislature to acknowledge these smart, creative efficiencies demonstrated by Yonkers and make those funds available to us with a grant for Shared Services.

Lastly, we seek your assistance with the staggering increase in services needed for our students with learning differences. Our special education enrollment has increased 14% in just three years, due to the lasting effects of the pandemic and our proximity to New York City families who are seeking an alternate educational option. What's even more concerning is the intensity of the services required to address any learning differences has increased by 21%, which puts more of a strain on our specialty staffing needs, meaning more therapists and aides.

A flaw in the calculation of Private Excess Cost Aid exists where dependent school districts are harmed by an increased "per student deduction" of aid when their cities contribute more funds to education. As our city has increased its MOE, the state's bar for aid has risen, decreasing potential aid. Although this will not stop us from continuing to provide for our schools, our opinion is that cities should be given incentives to provide more for their dependent school districts, and not be harmed. In addition, unlike Building Aid and Foundation Aid, there is no attempt at adjusting aid for the local special education costs, including private out of district tuitions which, of course, cost more in our area of the state. Furthermore, following the guidance of NYSED, Yonkers educates our special education students through the age of 22 while the state does not reimburse past the age of 21. I kindly ask you to assist our students who require the State's financial support in their special education needs by analyzing the "per student deductions" in both the Private and Public Excess Cost Aids for dependent school districts and increasing the reimbursement age to 22.

The Yonkers School District is a model urban district but it is edging towards severe cuts without guaranteed funding. We've come to the limit of what the City and our residents can afford. I suggest that if you memorialize your commitment to Yonkers Schools, we will see a greater return-on-investment.

CITY/STATE PARTNERSHIP

As for our municipal needs, I present to you my annual request for additional aid of the State's localities, where the rubber meets the road. As you know, over the years, municipalities have taken a big hit when it comes to AIM, which affects how we operate.

Since 2012, Yonkers taxpayers have sent the State an additional \$468 million via personal income tax (PIT) and sales tax above what the State has provided in AIM and education funding over the same period. This amount excludes Yonkers residents' contribution to lottery and casino taxation. Yes, AIM aid was increased by \$5 million in FY25, thanks to the Legislative Branch, but if AIM had increased consistently with the State's own 2% growth during that same time, we would have received \$198.76 million more since 2012, or \$26 million more in FY25.

We also need to consider the ongoing effects of the global pandemic. According to the federal government's calculations, the City lost over \$160 million in potential revenue during the pandemic in years 2020 and 2021. Yonkers was fortunate enough to receive a relatively small allocation of ARPA funding and we used approximately 25% of it to fund small businesses and to provide housing assistance to keep residents in their homes. The balance went to maintaining vital services, such as public safety, critical infrastructure support, parks maintenance and city cleaning. With the understanding that ARPA funding was a one-shot and that heavily relying on these funds would cause a cliff, the City planned to utilize the revenue as only a temporary bridge to get us through the pandemic while our economically sensitive revenues recovered. We were judicious with our spending and put aside reserves to assist with the drop-off in ARPA funding in case our revenues stalled and expenditures crept up. Unfortunately, like other municipalities, this is exactly the challenge that we now face. Rising interest rates are causing higher debt service costs. Inflation has increased expenditures, including health insurance, pension and social security. Collective bargaining contracts were settled in a fashion that were fair to both the taxpayer and to the employees at rates among the lowest in the Big 5.

On the revenue side, growth has subsided and our economically sensitive revenues have plateaued over the past few years. The FY26 budget projects economically sensitive revenues at approximately \$10 million lower than Yonkers received four years ago in FY22 because of the effect of higher interest rates on housing related revenues. Because of this, in the last two budgets, even while breaking the tax cap in FY25, the city made a tough choice of using the bulk of our rainy day funds to balance a budget, which we worked so hard to amass by appropriating \$88.9 million and \$63.4 million of reserves in FY24 and FY25, respectively. This reliance on annual reserves use that has averaged 13% of the general fund's total revenues over the past two years was done to avoid a loss of service in hopes of buying time for an economic stabilization. Unfortunately, with mortgage rates remaining high, reserve levels now below prior year levels, and general fund expenditures, such as, pension and health insurance costs continuing to increase, combined with our unwavering continuing commitment to the school District, balancing the FY26 budget in a fashion that is fair to our residents will be a great challenge.

Without going hat in hand to our taxpayers who are already at their limit, flat AIM hinders our ability to properly fund education, expand our municipal services and pay for the growing costs of our workforce, which makes up 74% percent of our budget.

In 2025, let's also make sure Yonkers wins big by awarding the City one of the remaining three commercial casino licenses. By doing so, it will signify your unwavering commitment to education, job creation, economic development and leveraging private investment in our community.

Over 70 small businesses, nonprofit organizations, and labor groups from across Westchester and the Bronx, stand firmly united in the belief that Empire City Casino by MGM Resorts is uniquely positioned to generate thousands of family-sustaining, union jobs and stimulate vital economic activity, all while prioritizing equity and inclusion. Over its 18 years operating as a VLT casino, Empire City has generated an astounding \$5 billion for state education, with more than \$1.3 billion contributed in the past five years alone. Yet we know we haven't even begun to see its full potential. Yonkers currently receives \$19.6 million annually as a host city, as a result of the more than \$300 million that Empire City generates for the state's education fund, plus a variable impact payment ranging from \$1.5 to \$2 million directly from Empire City, to offset municipal costs. If Empire City is awarded a full casino license, the City of Yonkers will be entitled to 10% of gaming taxes generated by this entertainment destination.

The development outlined by MGM Resorts includes a 5,000-capacity entertainment venue that will significantly increase the cultural and entertainment offerings available to residents while attracting new visitors, not just in Yonkers and Westchester, but regionally. This state-of-the-art venue, the first of its kind in our area, will bolster tourism and catalyze urgently needed economic activity. This would result in thousands of jobs for Westchester and the Bronx, including Empire City directly hiring 2,000 new employees and providing over \$200 million in additional wages. Should Empire City obtain a downstate license, it is projected to generate more than \$1 billion in economic activity and nearly \$2 billion in private capital investment for the region. It's a sure bet!

Thank you

In summary, I firmly believe that as legislators and chief executives, we have an obligation to those who elect us to work in concert and establish a partnership that benefits all. Together, let's recommit to that partnership so that we all succeed.

Yonkers has come a long way in the last twelve years. With the help of our State Legislature, we've made amazing strides in changing the face of Yonkers. We've already seen amazing returns on your investments and I am excited to see what the future holds. I look forward to working with you and Governor Hochul. Thank you.



MAYOR MIKE SPANO