

Transcript of March 22, 2006 forum:
A Future for Working New Yorkers:
Ideas for the Next Governor

Speakers:

William A. Johnson, Jr., Mayor of Rochester, NY (1994 – 2005); currently
Distinguished Professor, Rochester Institute of Technology

Jane Knitzer, Executive Director, National Center for Children in Poverty

Frank Mauro, President, Fiscal Policy Institute

Moderator: **Karen Schimke**, President and CEO, Schuyler Center for Analysis and
Advocacy

Respondents:

Hon. Deborah Glick, Chair, New York State Assembly Committee on Social Services

Hon. John R. Dunne, New York State Senator (1966 – 1989); Assistant Attorney
General, U.S. Department of Justice (1990 – 1993); currently Senior Counsel,
Whiteman Osterman & Hanna

Moderator: **Jonathan Bowles**, Director, Center for an Urban Future

Karen Schimke: Good afternoon. My name is Karen Schimke and I'm the president of the Schuyler Center for Analysis and Advocacy and I want to welcome you to this event, "A Future for Working New Yorkers: Ideas for the Next Governor." We are delaying just a little bit, or have been delaying just a little bit, to try to work out a little media issue. But I think we will go ahead and get started and hope that during the course of our time together, if there needs to be some movement or some plugging in or whatever, that it won't be too disruptive. We're really pleased to have such a good turnout for this event, and we're especially pleased, considering where we are in the New York State budget process. It could have been an empty room, as many people had other commitments and other ideas about how they should spend their time, so we're really delighted to have you all here.

I want to first introduce Jonathan Bowles, who is the director of the Center for an Urban Future, and our partner in this event, as well as in work, generally, on working families. They took the lead in putting together a document that is an update from a document that we jointly issued about a year and a half ago. And, so, I not only want to thank Jonathan and staff for being here, but for taking that lead in updating the brief. We should mention that our work, our joint project, is sponsored as part of the Working Poor Families project. The conference is part of that project, and it's to assist organizations advocating on behalf of working families in 22 states. Funding for this work comes from the Annie E. Casey Foundation, Ford, Joyce and the Mott Foundations. So, I do want to certainly recognize that. I'd like also to recognize two of our SCAA board members who were able to join us today, and maybe they could just wave – Fred Buse and Tom Roach, thank you

for coming. And I also want to note who is standing in the back, but sort of the brains behind this operation, which is Tom Hilliard, of the SCAA staff. As well, David Fischer from the CUF staff is back there, and Tara was – there you are, Tara Colton, also from the CUF staff. This is really the five person team that has been working on this effort and we owe a great debt of gratitude to our CUF partners.

Now, I'd like to kick this off by introducing our three speakers, to my left, and a little bit later, Jonathan will introduce the responders, to my right. But I think I'll start by at least letting you know who our responders are. Assemblywoman Deborah Glick, chairwoman of the Social Services Committee in the Assembly, probably needs no introduction to this crowd. But, Deborah, thank you very much for being a part of this. And former State Senator John Dunne has agreed to join us, on somewhat short notice, and to step in for Senator Ray Meier, who just at the end felt he could not be able to be here today. So, John, who has been a dear friend to SCAA for a long time, thank you very much for being a part of this. And, before I turn to these speakers, another of our board members has just joined us. Annette De Lavallade, thank you for coming, Annette. We're delighted to have you.

So, we are here to think together in a big vision, a future for working New Yorkers. And to help us to think about that, we've invited three people that we think are going to be able to stimulate thinking and ideas and inspiration, as we think about solving the issues for working New Yorkers. On my immediate left, we have William A. Johnson, Jr., who is a distinguished professor of public policy at the Rochester Institute of Technology, but was the former mayor of Rochester, leaving office just this last January. He was mayor in Rochester from 1994 to 2005, and under his leadership, Rochester embarked on a program to reduce housing blight, revitalize downtown commercial hubs, and improve police-community relations. He also oversaw the Rochester 2010 plan, a comprehensive blueprint for Rochester's economic development. He's one of the leading advocates in the nation for more effective regional economic development policies. He has also just returned from the Gulf states and I'm hoping today, Bill, that you'll spend some time talking a little about your observations from down there, and its application to the subject at hand.

Our second panelist is Frank Mauro. Frank is the Executive Director of the Fiscal Policy Institute, where he has become one of New York's most respected advocates for progressive tax, budget and economic development. Prior to joining FPI, in 1993, he served as the deputy director of the State University of New York's Rockefeller Institute, as the director of research for the last major revision of the New York City Charter and secretary of the New York State Assembly Ways and Means committee.

And last, Jane Knitzer has joined us. She is the director of the National Center for Children in Poverty. Dr. Knitzer is a clinical professor of population and family health at Columbia University's Mailman School of Public Health, a psychologist whose career has been spent in policy research and analysis on issues affecting children and families, and has also really devoted herself to promoting a deeper understanding among policymakers of the relationship between family economic security and short- and long-

term outcomes for children. So, we're delighted to have our three speakers today, and Bill, I hope you'll kick this off.

William Johnson: Thank you very much, Karen, and good afternoon to all of you. I certainly hope that I'll be able to get through this. I came into Albany last night and whatever I had for dinner didn't settle well on my stomach, so I've been fighting nausea all morning. So, if I should run out, it had nothing to do with you. The invitation from Karen Schimke and Jonathan Bowles in early January extended the opportunity to provide gratuitous and bold and provocative advice to the next governor. Who wouldn't accept such a challenge, especially if you had no interest in working for the new administration, and especially since you could leave town immediately.

I am no stranger to such invitations. For almost 30 years, I have been trotting to Albany, in pursuit of new approaches as well as new funding. During the Carey and Cuomo administrations, as CEO of a major human service agency, I was privileged to serve on numerous commissions and advisory boards, focusing mostly on education reform, workforce development, affordable housing, youth services and affirmative action. I was chair of the state employment and training council, a member of a licensing board for social work and some branches of psychotherapy, which has helped me immensely in my later years, and a mediator and fact-finder for PIRG. Then I became a mayor for twelve years, almost on a continuous treadmill from Rochester to Albany. Some people said that I didn't get on the treadmill often enough. But how much is enough? I trotted the halls of the Capitol and the LOB so often that I could do it blindfolded. I traversed the Thruway between exist 45 and 24 so frequently that I can tell you which rest stops have the cleanest bathrooms and the best hamburgers. I've taken Amtrak so often that I can predict with reasonable security which sidings we are likely to be dispatched, so that a Conrail train can rush by, unimpeded. I have flown those 19-seat regional prop jets often enough that I know which seats to avoid, lest you get that crazy tingling feeling in your feet. I came to raise the same issues that my predecessor raised for 20 years and my successor is raising now. Does it take 33 years to find solutions?

As Jay Gallagher might say, if you want something done, Albany should be your last choice. One of the things that has a slim chance of surviving in Albany is a profound idea that leads to new ways of doing things. Although it may seem otherwise, I am making this observation without slamming the Albany players. They actually do their jobs quite well, within the parameters of the system that is in place. I can say this now, because for the first time in years, I do not want or need anything from them. But the Rochester delegation was extremely sensitive to Rochester's plight and delivered some much-needed assistance on several occasions. I cultivated a good working relationship with the governor, speaker and majority leaders. These are all sincere and passionate people.

But it is the Albany culture that has to be changed – a culture where in order to get along, you have to go along. A culture which eschews long-term planning for short-term results, especially those which can be converted to election day victories. A culture which leads state officials to function most frequently as surrogate mayors and town supervisors and county executives, because you can get more mileage from delivering the bacon to local

brick-and-mortar projects than from focusing on systemic change and institutional reform.

2006 can be a transformative year for New York State, much like 1997 could have been if voters had approved a call for a constitutional convention. I was one of those who advocated strongly for the convention, which was unceremoniously defeated by an unholy alliance of major interest groups. As the campaign season is unfolding, we are presented with several spirited challengers who are dying to become our next governor – men with passion, vision and a zest for reform. All recognize, at least in their current statements, that the status quo is unacceptable. But time will tell whether we will see a substantive campaign with real solutions to real problems being advanced. Real solutions to real problems – I believe that is what an overwhelming majority of New Yorkers are looking for in their next governor.

But promising and achieving are two different things. Yesterday I had my students read an essay about the trials and tribulations of the president of Brazil during his first term, which ends this year. President Luis Ignacio Lula da Silva, or Lula, as he is popularly called, was born into abject poverty sixty years ago, rose up through the union ranks to be elected president of his country on his fourth try, in 2002. He came into office with wildly unrealistic expectations from the masses of poor people, that he could use the presidential office to transform their fate from deprivation to full participants in Brazil's economy. He encountered obstacle after obstacle, barriers from even his allies, which has made it difficult to achieve most of his ambitious agenda. Even his most loyal supporters have come to bitterly criticize this lack of transformation. One of his closest advisors ruefully acknowledged: we've gotten the government, but we don't have the power.

So, I'm going to make some important recommendations to the next governor, in a moment. But I want to further set the context. Three years ago, as you heard, I took an unofficial trip to the Gulf Coast of Mississippi, for three and a half days, and I spent a day and a night in New Orleans. I went for no particular reason except to satisfy my curiosity. After all, I'm retired now, so I can do whatever I want to do. I had been in New Orleans one day before Katrina struck, and just barely escaped. I was accompanied by my college roommate, a retired hospital administrator and an accomplished photographer. So he and I spent our time going up and down the coast, shooting photographs and videographing what we saw. And my friend and his wife have been hosting relatives from New Orleans, in their home, for the past six months, with no end in sight. What we saw along the Gulf Coast strained credibility. Six months later, whatever images you have seen in the media pales in comparison to the view at the ground level – communities literally wiped off of the face of the earth. These communities rarely get media coverage: places like Bay St. Louis, Waveland, Pass Christian – nothing was left standing in Pass Christian. Eleven communities in all in a one hundred mile stretch of Route 90, which is a coastal highway. One hundred miles were obliterated, some one hundred percent, by Katrina.

And yet the people I talked to are optimistic about their future. I talked to a man in Waveland who was a native and who was making the point about how high the waves came out of the ocean and swept through that little town; waves were measured as high as

fifty feet. And his point is that he and his wife, who were survivors of Hurricane Camille, in 1969, had gone back to the very hotel that they had evacuated to, back then. Camille, the waters only came up to the first floor and so they were safe. Katrina, the waters rushed over the second story of the hotel and they were swept out, along with others. And I listened to him, I was in a tent camp which is being erected to accommodate hundreds and hundreds of people who will be spending the next several years coming into Mississippi to do whatever they can to help these small communities get back on their feet. And he told me that one of those trailers I saw, one of those few trailers I saw coming down Route 9, belonged to he and his wife. They were planning to rebuild. I looked at him incredulously. I said: “why would you do that? You’ve been through two major hurricanes, you want to build a third time?” This man is in his sixties. He said: “you know what? They said Camille was a hundred year storm, and along came Katrina, which was really a hundred year storm. There’s no way there can be three hundred year storms in my lifetime.”

And, so, with that kind of faith and optimism, he and his neighbors, rather than cutting and running, are setting their roots down to restore their communities. Mississippi’s governor, a crusty conservative named Haley Barbour, whom we got to know through Ronald Reagan and George Bush, Sr., appointed the Commission on Recovery, Rebuilding and Renewal, funded it and empowered it to get on with the task of rebuilding, not waiting for the feds or FEMA or the insurance companies to kick in. Unbelievably, this conservative invited one of the paragons of liberalism, Andreas Duany, the new urbanist, and his new urbanism colleagues, to come into the Gulf Coast and to host and plan a series of design charrettes, embracing the elements of new urbanism. I spoke with John Norquist, who is the CEO of the Congress for New Urbanism, a former colleague of mine, the mayor of Milwaukee, he’s actually in Rochester today to speak. And I talked to John last week and we were comparing notes, and he said to me, remarkably, that in Mississippi, they were welcome, and in New Orleans, they have been sort of shut out.

Now, on another time, and as I am thinking my way through these observations and a ton of written material that I have, I can be able to – I think I understand it, what might account for the difference. But I want you to understand the point I’m making. This conservative, this far right – I mean, Haley Barbour, nobody’s ever mistaken Haley Barbour for a moderate – has brought in the elements of new urbanism, talks about community participation, encouraging all stakeholders to be at the table, and saying that whatever those communities come up with, with their unique needs, the state of Mississippi is prepared to come in with the necessary financial resources and to help unleash other resources to make these happen. Now, in my opinion, adversity is the parent of vision. Many people’s visionary skills can only be tapped and unleashed in times of crisis.

Certainly this well-written and thoughtful report put out by these organizations, “Between Hope and Hard Times,” documents a crisis for the working poor in New York State. Combined with other equally compelling studies, we should not need to be further scared into action. So, here goes my four points of advice for Governor X. And understand that

while I might surprise you, because I'm not going to speak directly to these points, here's my premise: you can't get to something this specific unless you're prepared to consider and implement the ideas that I'm about to propose.

First, this new governor must be committed to changing the culture of state government. All of the major players – the legislature, the executive staff, bureaucrats, all interest groups who lobby the government, on both sides of the equation, labor and management, the civic associations, and the local communities who come in with their tin cups out, all of these people have to stop viewing Albany as Santa Claus who honors the wishes of all good boys and girls. Albany must become a policy-driven place, not a place where you can come and feather your nest. I mean no insult by using the words, but as a mayor, we constantly talked about us coming with our tin cups—the tin cup brigade—on Tuesdays and Wednesdays of the week.

As his first act – now, if he is committed to attacking this culture, and I need to put more thought to this, suggest to him, I'm having some discussions with Eliot Spitzer's policy team, but I am prepared to spend some time fleshing this thought out. But if he is prepared to do that and understand that there's going to be a new way of doing business in Albany, the first thing the governor should do, his first concrete act should be to divide the state into planning districts. And he must commission a rebuilding and renewal commission in each district. Some of you might remember the ill-fated Capitol Commission that was operating down here in the Capitol Region back in the mid-90s, which actually put out some profound recommendations. But they never saw – well, some of them did, a few of them did, but most of them never saw the light of day. These commissioners must reflect the entire makeup of our state's population.

So, something that we are not accustomed to – we need the powerless sitting at the same table with the powerful. I don't know if it's still on the city of Rochester's website, but if you go back and look at our planning process, our Neighbors Building Neighborhoods process, you will know that for twelve years, I practiced this principle. We divided the city up, we empowered people, residents, to take control of their own destinies. We supported their work, through our budget appropriations, we supported them, embraced their efforts. It was a true partnership between citizens and their leaders. Governor X should be committed to this kind of process.

More importantly, though, it's one thing to study it. There should be an unequivocal commitment that once these commissions have completed their work, like Haley Barbour, Governor X needs to say: we will implement these recommendations, and he will incentivize this, because we are talking about things that are going to require some financial resources. One thing I advocated as mayor – and I've just got two more points to make quickly and I think I can get through this. One thing I advocated as mayor was that, and NYCOM – the New York Conference of Mayors – this is one of their big issues each year: restoration of revenue sharing. But what we don't understand is this, that section 54 of the state finance law, there are provisions and formulas which set aside that nine percent of the state's income tax proceeds are to be earmarked for municipalities,

revenue sharing, and that every year for almost the last 20 years, the governor, whether it's Cuomo or Pataki, the legislature has exempted itself from those provisions.

Under that formula, in 2005, \$2.9 billion would have been available to distribute to municipalities. A far less amount, somewhere around the neighborhood of \$550 million was actually what was allocated, less than a quarter of the amount. And I believe that with proper guidelines, this money, which is already in a budget, which can be absorbed in a budget of \$114 billion, \$112, \$110, whatever the number is going to be, far less than the money we put into schools can be used to incentivize new paradigms, new developments in these localities. And these communities can say to themselves – they don't need to come to Albany with a tin cup. Give them the resources, charge them with specific ways, specific activities, specific outcomes and I guarantee you that this will be done.

And my final point is this – out of this planning process should come a new urban strategy. We have none in New York State, one of the most urbanized states in the union has no urban strategy. Tell me where it is, so I can read it. tell me where it is, so I can use it in my classes. I never found it, in the twelve years I was mayor. This urban strategy can revitalize cities, or a new industrial plan which allows us to capitalize on our intellectual resources, and a new agricultural plan, which allows the resurgence of New York State's second leading industry, food production and processing. In 1997, I delivered a paper to NYCOM, it was entitled "Can New York State Become the Empire State Again?" That was almost ten years ago, and if I could be so bold as to suggest that if some of those ideas and suggestions had been implemented, we would be farther along, we would not be in the mess we are now. I believe New York State can be the Empire State again, but we don't have long to get there.

Frank Mauro, Executive Director, Fiscal Policy Institute: Good afternoon. How is everybody doing? I think there's a real relationship between programs that can address the situation of the working poor in New York and Mayor Johnson's focus on cities, and I think that a strategy that focuses, that is concerned with improving the plight of the working poor has to focus on cities. Why is that? Because the poor people of New York State are overwhelmingly located in the cities, and in a very small number of cities. We have some small pockets of rural poverty, but very small. In lists of the 200 or 300 poorest rural counties in the United States, there are no counties from New York State on that. So, some of our rural counties are stagnant but we don't have abject rural poverty like there is in Mississippi or the Dakotas or in some parts of Texas.

But we have incredible poverty rates in some of our cities. Just some of the numbers on where poor people are located – the numbers I'm using, which are very close to the share of poverty, but it goes a little above poverty – it's the children in New York State who are eligible for free and reduced-price lunch at schools. Sixty percent of the children in New York State who are eligible for free and reduced-price lunch are in one city, in New York City. And it's very unusual because New York City also has great wealth, Manhattan has 9 percent of the tax returns filed by New York residents but 43 percent of the income

over \$200,000, of New York State residents. So, New York City is a little different from the other cities.

New York City has great concentration of poverty but it also has great wealth, and it has the ability to address a lot of these problems itself, but I think that the other cities of the state do not, and the defaulting, the renegeing on the revenue sharing commitment, I think, had hurt mostly the upstate cities. By renegeing on the revenue sharing commitment, what it means is that the upstate cities have to – in every budget year – cut services and increase taxes. Recently in Rochester, there were big cuts in the schools, right? I don't think that people thought that was a good idea, but they thought they were strapped for revenue. And I think if you do any rational approach to sort of restoring the revenue sharing commitment, cities like Buffalo, Rochester and Syracuse, and the smaller upstate cities, would get substantial infusions of resources, and wouldn't need to be in this no-win situation. And so what we see, with the upstate cities, is sort of a cycle where property taxes are increased, services are cut, it's not a recipe for success and there's more suburbanization.

So, you see, in the Rochester metropolitan area, since 1970, virtual stagnancy of the population for Monroe County, growth in the population for the metropolitan area but decline in the population of the city, and the cities become increasingly concentration of more needy individuals. At the same time, the cities have the large nonprofit institutions that serve the metropolitan area. They have the large hospitals, they have the large cultural institutions, they have the universities, they have the large libraries. So, the large nonprofit organizations that don't pay taxes but benefit everyone in the metropolitan area are located in the cities, and the passage of revenue sharing, which Governor Rockefeller originally called "Urban Aid" in 1970, after a very effective lobbying campaign by what were then the big six cities, the current big five: New York City, Buffalo, Rochester, Syracuse and Yonkers, and Albany, which was then over 125,000 people in population. They organized a very effective campaign and Governor Rockefeller, in sort of a move of preemptive capitulation, came up with revenue sharing, which he originally called Urban Aid, and it recognizes the over burdens that the cities face. And for a decade, the state honored the revenue sharing commitment, throughout the 1970s. There's a rough justice urban bias in revenue sharing. Half the revenue is shared with all local governments based on need, tax effort and ability to pay, but the other half is shared only with cities, so it has a rough justice bias toward the cities.

By renegeing on the revenue sharing commitment and by other aspects of our fiscal policy, I think we're pursuing a policy which in decentralized organizations is sometimes referred to as: every tub on its own bottom. Have you heard that term, every tub on its own bottom? That means that every subsidiary in a corporation or every school in a university has to break even, that you don't have some subsidiaries which lose money and some which make a lot of money. Now, in a business, maybe that makes sense, that you want every subsidiary to break even or make a profit and you don't want to maintain unprofitable subsidiaries. But that's not the same in a decentralized government. We can't sell off Buffalo because it can't make a profit. But when we divide responsibility between school and local in New York State, except for school aid, in all the other major

fields where we divide responsibility between state and local, we don't take ability to pay into consideration.

When the federal government shares responsibility between the federal government and the states for financing Medicaid, there's at least an attempt at an ability to pay – we in New York think it could be a more sophisticated formula, but at least they vary the federal share of Medicaid based on the per capita income of the states. So, in so-called wealthy states, states like New York, with high per capita income, they pay 50 percent, but they could – the formula allows for them pay as high as 83 percent, for poorer states. Currently, the highest Medicaid share is Mississippi and Arkansas, which is about 79 percent, so there is some recognition that not all states have the same ability to pay. That means that there isn't, by some magic, a division of tax base among the states, which is equal to their division of poor people. And the same thing is true in the state.

And, so, with Medicaid, we assign the shares of Medicaid, not based on a local county's ability to pay, but we divide it based on the kind of care. We pick up a larger share of long-term care, but for regular Medicaid care, the same percentage is picked up for everyone, 50 percent of the non-federal share. And so that has created a situation where poorer areas with higher concentrations of poverty, say, like the Mohawk Valley, like Utica, like Erie County, in order for them to finance their share of Medicaid, it takes a much greater tax effort relative to their tax base than for wealthy suburban counties, which have both stronger tax base and less of a concentration of poor people. Now, what did we do in New York? As a result of an effective lobbying campaign by the county executives, the state is limiting the growth in the local share, so the local contribution to Medicaid can't go up more than three and a half percent this year, three and a quarter percent next year and then three percent. So what does that do? When you have these disparities, where it takes Fulton County six dollars per thousand to pay for its share of Medicaid but Nassau County can do it with a dollar per thousand, if they both go up by the same percentage, then you're going to exacerbate the inequities.

So, we're increasing the fiscal disparities. So, it's sort of every tub on its own bottom. Now, I know the Erie County executive did a lot of things that probably weren't correct, but it's not entirely his fault that Erie County has financial problems. He probably made the situation worse, but there would have been an untenable situation anyway. I mean, why – didn't Oneida County last year raise its sales tax rate to unprecedented levels, you know, over nine percent? I think they might have even been as high as ten percent and now are back to nine percent, but very large sales tax increase, above the norm of where places usually go. So, I think that if we're concerned about the working poor, we have to be concerned about the viability of the cities and counties where the working poor are concentrated.

I mentioned that New York City has 60 percent of the children eligible for free and reduced-price lunch. 75 percent of the children eligible for free or reduced-price lunch are in 24 school districts in the state, 16 of which are cities. Buffalo has – let me get these numbers right – Buffalo has 86 percent of its schoolchildren eligible for free and reduced-price lunch, Rochester 85 percent, Syracuse 74 percent, Newburgh 63 percent, Albany 73

percent, Schenectady 73 percent, Utica 77 percent. So, we know that there's a geographic aspect to policies that help the working poor. I'm going to suggest that there are things we can do to help the working poor everywhere, but what goes on with these policies that we have is they make regressive taxes higher in places with the least ability to pay, creating an untenable situation.

And one of the things that the state should do, is it should gradually restore the commitment to revenue sharing. Mayor Johnson was optimistic – he said within a \$110 billion budget, they should be able to do it. They should be, but recognizing reality, they should at least do it over time. They should at least phase back up to the commitment. That would be a much better use of state resources than some of the tax cuts that are being proposed, such as cuts in the income tax rate, elimination of the estate tax, elimination of the sales tax on private airplanes, if you have enough money to buy a private airplane. So, there are a lot of tax cuts at a state level that are being proposed that aren't as sensible. If taxes matter, then regressive taxes have more of an impact on places in upstate New York that are more stagnant.

And I would argue that our fiscal policies in New York, by cutting the top rate on the income tax and increasing pressure on the property and sales taxes, has contributed to the stagnancy of the upstate economy. Who's leaving upstate New York? People who are looking for jobs, regular people are leaving upstate New York. New York City is doing just fine, in terms of the concentration and the growing concentration of wealthy people, from all over the world, who want to live in New York City. So, I think we have to rework the state and local fiscal relationship to eliminate this approach we have of every tub on its own bottom. We need to restore the state's commitment to revenue sharing, we need to reform the STAR program to ensure that it reduces, rather than increases fiscal disparities, which it does now. We need to reform New York's approach to Medicaid funding, to reduce the burden that the current system places on counties with weak tax bases relative to their needs. We need to restore the progressivity of the state income tax and reduce the pressure on local property and sales taxes.

I think there are also things we obviously need to do to help individuals, wherever they are located. One of the questions in the advisory that was put out for this conference says: why is there an increasing number of people who are working but poor? Why is it increasing? I think there are several reasons – some of them are arithmetical, some are policy, but I think one of the reasons why the number of working poor families is increasing in New York is: at, let's say the 20th percentile wage, the average wage of low-income workers, is not increasing as fast as inflation. And since the poverty rate, the poverty level is indexed to inflation, it changes every year, the poverty level is growing faster than the wage of low-wage workers. And, so, it's just an arithmetical reality that there are more and more people there. But there are other things going on. There's policies that are attempting to address this, but it's very hard. Single parent families are more likely to be working but poor, and there's still growth in the number of single parent families. We also see more poor people are working – so that's not necessarily bad if they're better off. And, so, we have more people, as welfare reform has succeeded and more people have moved from welfare to work and are working at least part-time, some

are working full-time, but frequently in very low-wage jobs, we have more poor people working and less poor people not working, but they're still poor.

So, what are some of the policies? One of the things that everyone talks about is the minimum wage. What my proposal on the minimum wage is, is that we should have a target minimum wage and a real minimum wage. The target minimum wage should be the minimum wage at the purchasing power of its height, which was 1968, 1969 period, and that target minimum wage should be increased to inflation every year. And we're a little ways away from that – we couldn't move to that right now, realistically, politically, in what can be done. But we have shown that modest increases in the minimum wage can be accommodated and I think what we need to do is to put into place, at both the federal and the state level, a target minimum wage, which is the purchasing power of the minimum wage in 1969, when a mother with two children working at the minimum wage would not be in poverty, index that to inflation, have that grow, but gradually, until we hit the target, increase the minimum wage by 40, 50 cents per year, until we hit that, and then just have it grow with inflation. Indexing the minimum wage to inflation is a good idea, but it shouldn't be indexed to inflation at the level it's at now. We should get back to reasonable purchasing power and then index it to inflation.

I think that in terms of the long run – I mean, that's a short-term strategy, that helps the people who are working in low-wage jobs right now. But I think we have to do things that allow people to move up the socio-economic ladder. I think what's facing the legislature right now, the most important thing, is to ensure that all of New York State's children have access to a sound basic education, so I think there needs to be a statewide answer to the Campaign for Fiscal Equity decision. The plan the CFE has put forward – I mean, just as an example, for Buffalo, Rochester and Syracuse, it would give them a lot more money and it recognizes, also, that they are making a greater contribution than they should on a rational basis.

So, the CFE plan does two things. It does one thing the court ordered for New York City but implies it statewide, to say: let's, in a rational way, figure out how much each school district in the state needs to provide a sound basic education. But then what the CFE bill also does, it says: let's divide that responsibility between state and local, on an ability to pay basis. And when you do that, what you find is: New York City would get a lot more money from the state but it would also need to put in a lot of its own money, but you find that lots of places, like Buffalo, Rochester and Syracuse, which should be spending more, they need more resources to provide a quality education, but they're already making a contribution greater than they should have to make. So, putting that pressure on the property tax and creating that vicious cycle of out-migration.

We have to increase access to higher education, not this continued seesaw with the TAP program, ensure the availability of affordable and quality child care, ensure rights at work for employees seeking collective bargaining, improve labor standards, enforcement and compliance, and try to come up with a solution to the availability of health care. We also need to reform our economic development programs so that they're accountable, that

when we spend public money in the name of job creation, it's job creation that keeps people out of poverty, that pays a living wage. Thank you.

Jane Knitzer, Director, National Center for Children in Poverty: I'm delighted to be here, and I think it's important to have this conversation. I want to tell you the lens that I'm going to put on this. First of all, think family. Family is an adult and a child, at the very least. So I want you not just to talk about working families, but working families means children and parents, okay, because that's the frame that we're going to explore. I'm at the National Center for Children in Poverty, which I hope you all know about, but just in case you don't, we're at the Mailman School of Public Health at Columbia University. We are mission-driven, our mission is to identify and promote strategies that reduce child poverty and improve the lives of people in poverty and with low-income status. And our real aim is to promote research-informed policy, hence I'm here today, research that actually uses principles of what it takes for children to thrive. We believe there are three core ones – family economic security; strong, nurturing families; and children, particularly young children, succeeding in school. That's the lens.

Just quickly to set the context, I think we're all saying the same thing about how families in New York State are struggling, but I want to do it through a child and family lens. I should have done this as a quiz – I assume everybody in this room knows that the poverty level for a family of four is \$20,000. Not livable, period. It takes twice, at least, the poverty level for families to survive, and that's what we need to be aiming for and that's why we talk about low-income families. Middle-income families are also feeling enormous pressure and stress right now, and our policies need to take that reality into account, as well. Declining work supports, need I say more? The bottom line – if we want the next generation of New Yorkers to thrive, we have to invest and make sure that families have adequate resources to be not only workers but to be nurturing parents. So, it's a double-edged sword. If we only pay attention to the work and not about the parenting and the supports for children, we will have blown it.

You all know this. I'm not going to say very much about this, just to say we have about a million really poor children, and that the trends – we've just released a ten-year document, a ten-year trend document on poor kids and low-income kids, and New York really pretty much follows the trends, but the poverty rates, as you all know, nationally, have been increasing, and we're seeing the same kind of increase in New York State. That's worrisome and we need to pay attention to that.

Okay, having set the context, let me just say that I don't think only more money is the answer. We need, certainly, more money for some things, but we also need to spend smarter, particularly with respect to helping children and families. We don't always use money in the wisest way, so I think it's really important to say that. The next thing I just want to say is – I am really doing big-picture messages. You are the people, we are a national organization, we try to understand state variation and state policies, you are the people who know the details. But I think it's really important to have a strategic vision of where we're going.

So, message number one: make a serious, long-term investment in young children. Young children – the data are absolutely unchallengeable – who succeed in the early years are more likely to stay in school and become productive workers. Although New York was out in front in rhetoric, calling for universal pre-k, I think you all know what happened, and Karen, I think it's time for you to leave and go get that \$100 million that's now on the table, and that is not enough. And I want to say something important about this. Access is not enough. In the whole conversation about the importance of universal pre-k, as you all know, as policymakers, the devil is in the detail. Well, there's a lot of detail to be looked at, at how to make this universal pre-k come through in the way the return on investment arguments are actually being proposed.

[tape cuts off briefly]

Message number one, fully invest and fund universal pre-k. Message number two, we need to do more for the youngest children and families in this country. The neuroscience is unquestionable. If we invest early in promoting healthy relationships, we will have a better workforce later. We need to expand the infant-toddler specialists in the state, New York has been one of nineteen states that's doing this. We need to be the first that's really statewide. And we need to fund a series of Early Head Start-like programs, which are comprehensive programs for children and families from birth to 3. And the research is showing, over time, really a pattern of modest and cumulative kinds of gains that make this something New York State should invest its dollars in. We have a program in East Harlem, which is right near where NCCP is, it is now serving 80 children in East Harlem. We have to do better than that. Ensure that universal pre-k programs in high-poverty neighborhoods include comprehensive supports, and that is the issue of the differential funding for the highest-risk communities, and it has to reach into early childhood. We have, I don't know how many of you know, or can recite the twelve components of the Regents plan, but they are very good and I would be willing to give our new governor four years to get them all implemented.

Message number two, put a down payment on reducing the income and asset gap in New York State. As you already heard, New York is number one in inequality and my city is, I don't know if there's something above number one, but we'll be above number one. We have to deal with this. This is not good for the civic engagement, it is not good for the next generation, it is not good for the economy, period. It's not good in New York and it's not good in any other part of this country.

So, what can we do? You know, I'd like to be able to say a magic wand and three wishes and have it all fixed, and obviously, as you heard from our first two panelists, there's a lot of devil in the details to be done before we get there. But one thing that has actually been a mobilizing tool, both in the UK and in the state of Connecticut has been setting a ten-year poverty reduction goal. And obviously that's only as good as the strategic plan and the monitoring, but we might add that into those regional planning groups that we're going to have. And we do need to make sure that families are part of economic regional planning. I think that the rationale for setting a poverty goal is it brings together, as it has in Connecticut, it brings together the economic development policy folk and the child and

family policy folk in conversations that have not happened before like that. It also really sets some benchmarks and it can be carried from one governor to another, which is, of course, always an issue with initiatives. So, I urge you to, at one level it can seem gimmicky, at another level, maybe we can turn it into something real.

Secondly, and I'm not an expert in the minimum wage but I certainly like what I just heard, so pretend that I said that on this slide, and the third thing is really making work supports work. NCCP has developed something called the Family Resource Simulator, which is a tool that allows people to calculate what happens as benefits change, to a family, across public health, housing, transportation, very labor-intensive to build this. Kinsey Dinan, who is sitting right here, and I will speedily end with my three sentences because that's all I really understand about this amazing model. But what it really shows, it's geographically specific, what it shows is how family income changes as work increases or benefits change. We are just about to release one for New York State, we hope to work very closely with the two organizations here to make this useful to people. We understand in the state of Pennsylvania they're actually using it to counsel TANF participants in what to expect as their benefits change, because, of course, as benefits go away, family income drops and the poverty becomes worse. So, make work supports work across areas is a big deal, and I too hope we solve the health care problem and that's all I'll say.

I think we have to pay attention to housing relief. I had a very touching experience in a ride to the airport the other day, talking to the taxi driver who had two children and was working hard, it's the immigrant story, loved them, etc., wanted to spend more time with them, and I said: well, how are things going for you? And he said: you know, this is the most wonderful country. We just got into Section 8 housing and my rent has reduced from \$1,000 a month to \$250 and now I can spend time with my children, and, he said, it just really makes the world of difference. And I really got the chills – I mean, that's all what we're really working for. So, housing relief. We've got to do it. Child care – and in your packet, not only the \$100 million but there are some specifics of the child care agenda for this year, which we should all be supporting.

Next big thing that I think we haven't paid – we talk about adult education, the report is wonderful on the literacy issues that we face here. We need to pay special attention to making it possible for parents to go to college, period, okay? There are special burdens when you're trying to work and a parent, especially if you're a single parent, and we need to pay more attention to that. And if you remember one thing from what I've said, and if you don't already know this, remember this: maternal education is the best predictor of how a child will do in school. So, this is a two generation investment. If you want children to succeed, let's get those parents – and not just moms, that's where the data is, but you know, let's include the dads too.

And the next idea that I think New York should be the first in the country to implement is develop a statewide assessment – assess building strategy. We have enough assessments, let's do an asset building strategy. Children's development funds or something like that, to give kids whose parents can't give them all the kind of bank accounts that many of us

have tried to do. To take a look at really dealing with not only the income gap, but the asset gap, which hits particularly hard for minority families.

Finally, message number three. This will surprise you – establish a family mental health system. And if we can do it in New York State, then we can do it anywhere. We have incredible data that one of the most destructive barriers to effective parenting is parental depression. We can show, actually, impacts. NICHD – National Institute for Children Health and Development – shows impacts on babies three months old. Treating adult depression is not a high-cost endeavor. It is likely to have significant payoff and we know from TANF studies that for older kids, just helping the moms, actually, and from some other studies as well, just helping the moms deal with depression is reflected in better outcomes in school for kids. For younger children, we have to add another component, and that is direct help on parent-child relationships, because very often when you've got a depressed mom – and along with depression comes what they will tell you in the early childhood world, the three biggies: depression, substance abuse and domestic violence. Not enough so that kids have to go into child welfare, but enough so that if we invested, we could make a difference, and we need to invest, not in office-based therapy, but in child care centers and we need to invest mental health dollars in schools. We have a lot of work to do. There are some good changes – we have \$62 million new money in children's mental health here.

We could actually leap to the front of the line, if we paid some attention to these issues. And then we have to use the money for seriously disturbed kids before we wait until they get seriously disturbed, which is – I believe it was Nick Spano who did 'pay now or pay later,' I don't know how many years ago. Nobody said in my introduction, I'm a born-and-bred New Yorker, Brooklyn, but I've also lived in Rochester and Ithaca and spent more time than I care to remember in Syracuse. So, I really do know something about what it's like to be not a city slicker. So, I think that paying some attention to mental health, through a different kind of lens, as part of a child and family together agenda is something I would urge you and challenge you to do. For more information, you can check out our website, we do lots of substantive work, try to use research, but I will tell you that I'm prepared to vote for the governor who does just a little bit of any of the things that we talked about today, and especially changes the political culture. So, thank you very much, and go for it.

Karen Schimke: I want to thank all of our presenters. I think there's lots of ideas – we have quite a list for the next governor. Before I turn the next part of this session over to Jonathan Bowles, I just want to draw your attention to the fact that in your folders, you had a copy of the report that we put out about a year and a half ago, as well as the updated policy brief that brings some of the facts and figures up to date for today's current reality. So I do want to draw those two documents to your attention. Jonathan Bowles, as I said before, is Director of the Center for an Urban Future, which, as I said before, is a New York City-based think tank devoted to independent, fact-based research about critical issues affecting New York's future, and that has included economic development, workforce development, and higher education. I think this might be your distinguishing characteristic, Jonathan – he was recently named "New York's Finest

Troublemaker” by *Time Out* magazine. Jonathan?

Jonathan Bowles, Director, Center for an Urban Future: Thanks, Karen, and it really has been a pleasure to work with you and the Schuyler Center on these issues, and we’ve got a lot of work to do in the future and we’re looking forward to that. Thank you all for being here today. I don’t want to waste any more time, we’ve got limited time and there’s a lot of good ideas on the table from these three panelists. Let me just summarize just a few of them that hopefully our two respondents will at least touch on. Things like: focusing on cities, possibly statewide planning districts, phasing back revenue sharing, a more progressive tax system, investing in young children, and reducing the income gap and asset building programs.

Those are just a few, but we’ve got some really distinguished respondents here today that hopefully will really enlighten us on what’s possible, not only in this budget year but whether there’s a real opportunity, given this year’s statewide elections and the possibility of a new governor and what can be achieved. Without further ado, let me introduce Deborah Glick. Actually, let me describe both of you first before I have Deborah come on up here. Deborah Glick is a New York State Assembly Member from Lower Manhattan and Chair of the Assembly Social Services Committee. Prior to joining the Assembly in 1991, she owned and managed a printing business and served as Deputy Director of the New York City Department of Housing, Preservation and Development. We’re also thrilled to have John Dunne, who served as New York State Senator from 1966 to 1989 and rose to become Deputy Majority Leader. In 1990, Mr. Dunne moved on to the U.S. Justice Department, where he became Assistant Attorney General and managed the Civil Rights Division until returning to Albany in 1993. And he now is Senior Counsel at the firm of Whiteman Osterman & Hanna. Deborah, if you could come up.

Deborah Glick, New York State Assembly: Well, in view of the fact that we’re responding to half an hour of incredibly precise and carefully crafted statements, it’s a little bit hard to do this on the fly, but let me respond to a couple of specific things that I think are very important, and then sort of talk about some of the things that we would hope to be able to accomplish in the next few years in a realistic way. First of all, let me say that if we could change the culture of Albany by doing true revenue sharing that would make us more of a policy-driven body, and limit the number of, as you said, Mayor, tin cup visits, nothing could make me happier. I would much prefer to focus on a rational analysis of what are effective strategies and actually implement them, rather than trying to scramble around and try to do my level best to accommodate the myriad of concerns that are raised, all of which – or most of which are, I won’t say all – most of which are totally legitimate but for which there are limited resources. And so it’s always an uncomfortable thing to try to determine what floats and what sinks. So, if we could shift that to more targeted local support, we would probably waste less money and perhaps actually have more efficient and effective outcomes.

Obviously, I represent part of Lower Manhattan and so addressing the concerns of cities is near and dear to my heart. And since the majority of New Yorkers live in cities, that

would be an appropriate approach and since most poor New Yorkers live in cities, that is where our efforts to change the dynamic that's out there is important. Now, I would say that what existed as the stereotype ten years ago of the "lazy welfare mom" who had an innumerable number of children because that was an effective means of raising her income, was always a myth. The reality is, is that women made reasonable economic choices of how to keep their kids getting health care, keeping themselves housed, with few resources and, in many instances, little or no education. And, so, if you have an asthmatic child and going to work means you're going to be working at a low-paying job and not have health care, staying on welfare and having access to Medicaid means that you can get your asthmatic child to a doctor when necessary, that was an appropriate economic choice. And, so, our policy-driven discussion has to be around making smart economic choices available to poor people in the same way that they are available to middle and wealthier New Yorkers.

So, the access to education, and I greatly appreciated what Jane had to say about a healthy start and a smart start for youngsters. All of the information that we see indicates that we lose a lot of kids by age three, which – so, when you talk about pre-k, you're talking about kids who are four years old. You're already starting from a deficit situation in many instances. Access to adequate food and good nutrition is also key. Malnutrition and other environmental health impacts, so that if you're not able to buy quality food and you're living in East Harlem, where you're surrounded by city bus depots, the amount of pollutants that are in the air, diesel fumes, are actually impacting terribly on those youngsters. And so there are a range of concerns that are environmental, as well as just access to good health care after the damage is done.

The disproportionate de-funding of government, which has really been a systematic effort, I think, over the last several years. Of course government doesn't work if it doesn't have the resources to produce, and so, flattening – I mean, when people have suggested a flat tax, people have said: oh, well, that's crazy. Well, I've got news for you – that's what has been slowly happening. The tax rate has been flattened and so we need a more progressive tax structure. I represent people, who really do have, increasingly represent people who have an enormous amount of money. Fortunately, they actually vote in Bridgehampton, so I can continue to be who I am and say what I have to say, which is: tax people who have them money, and regressive things like sales tax take money out of people's pockets who don't have an ability to do it. Nor does property tax provide an appropriate mechanism, because then you have people who are actually – that is actually my cell phone, we needed to keep it on so we knew if we had to run back, so hopefully I don't have to dash out. Where we have – I managed to break my own train of thought – we're not providing, through property tax, an appropriate mechanism, because you have people whose homes have increased in value well beyond what their wildest dreams were, and assessments that are based on that are putting people on fixed incomes in the position of, really, this inter-generational war on public education, so that I'm either going to lose my home or the school system has got to make due with no money. And some of the proposals that we're currently discussing, I think, exacerbate that.

The things that we would hope to do and provide support, work support – access to education. For a lot of poor people, it's very basic education, and I've had this fight for several years, that if you don't have adult literacy in place, neither the city of New York nor the state of New York is going to hire you. Why on earth would we think that the private sector should give you a job? So, we have to make available adult literacy, English as a Second Language, on a much broader basis than we're willing to currently. And that's so we can make people future taxpayers. I want to make everybody reach their full potential so they can pay very substantial taxes so that we can continue to provide a range of supports and, hopefully, at some point reach a place where the majority of people don't need supports, but rather are taxpayers themselves.

We also recognize, increasingly, in New York City in particular, access to housing is becoming a mirage for poor people, and so one of the proposals we've been actually fighting over desperately is, for the working poor, a rental subsidy, which is crucial in the city of New York. We have over 7,000 families a night in homeless shelters. Many of them are working poor, they're not on public assistance, they don't qualify for what is a small, and somewhat flawed, Housing Stability Plus program in the city. We need to give them access to a rental voucher, like a Section 8 housing voucher, so they can go out on the market and get some housing, because a family cannot – if you don't have a roof over your head, it's really hard to take the next step, and that thing you learned in college somewhere, the Maslow hierarchy of needs is actually real. If you don't have a place to live, if you don't have food, you're really not getting onto self-actualization, and if that's the goal, then you have to really address some of those things.

Access to health care – you know, it's all, I'll say it somewhat indelicately, it's ass-backwards. Other industrialized nations have recognized that you spread it across the entire society. You don't say that some employers are going to provide access to health care and some aren't, and they're both supposed to be competing in this free market. Let's stop kidding ourselves. We have to have a major reform in the way in which we handle health care. A lot of money winds up going into denying people care, and doctors would actually like to hire another nurse, or physicians assistant, instead of two more bookkeepers to figure out what forms get sent to whom and whether or not they'll even bother with insurance anymore. None of those dollars wind up actually going into patient care.

So, I'm hoping that we will have, in a new governor, somebody committed to much greater access to higher education. That's the only way – but not everybody wants to go to college, so we have to include access and support for the kind of training that makes people employable. So, in some instances, you really can't outsource carpentry, electrical work and plumbing, so I'm not opposed to people being able to have access to that kind of work training that makes them employable and gives them a stable basis for which to support their families. So, I hope we can make a shift in revenue sharing, but that also means that there has to be a commitment on the part of local government not simply to give tax cuts in their localities, and that is some of the problem that has existed, certainly in the last several years with mayors of New York, where they come to Albany and say: fine, give us more cuts, so that they can hand out tax cuts that they think are appropriate,

rather than providing services. So, that's my caution on changing the revenue sharing picture – some of it has to be an insurance that there is a maintenance of effort, and then some. Thank you very much.

Jonathan Bowles: Thanks. Senator Dunne?

John Dunne, former New York State Senator: Thank you for the opportunity to come and visit with you. Just a couple of preliminary observations – not to be political, but I found it curious that the title of this program is “A Future for Working New Yorkers: Ideas for the Next Governor,” and the only name I've heard in the room is Spitzer. Is there a message for me on that? Admittedly, as a Rockefeller Republican, I find life very lonely in the Republican Party right now, but I thank you for looking to the future as you are. I don't know if you noticed the front page in the *New York Times* this morning, but I would have felt a much higher confidence level if that headline had read that the mayor of New York calls for the creation of 800 new family service caseworkers rather than 800 new cops on the beat. Not that I have anything against cops on the beat, but we all know that the police and law enforcement people are preoccupied with addressing problems because of the failure of the services which were intended to help the community at large and prevent the anti-social conduct which police and prosecutors are marshaled to resist. And, so, we indeed, I think the problem is that the public just doesn't get any glamour or excitement out of solving the problems of an individual who, for a variety of reasons, in my judgment, principally poverty and a lack of education, have been confronted with and that they have wound up in situations against the best interests of the community.

As one who has been out of the legislative picture for a fair number of years, but not out of government, I'd like to just address a couple of items with you that strike me as being important. Basically, it's the issue of education. Last week, I was down at Duke University at a forum mainly attended by business men and women, and they were talking about, among other things, the problems of finding adequately-trained personnel at all levels, from the most basic, flipping hamburgers, to those who were great, advanced scientists. And I found it interesting that the founder of Wendy's food chain, you know, in the fast food service, there's tremendous competition and they're always looking for a way to not only maintain their own share of the market but also to gain on the other side. The founder of that company told us about a survey which Wendy's had done recently to find out the public's attitude and what the problems are, with regard to the service at Wendy's. And they found that 18 percent of the complaints against Wendy's and the experience there was getting the wrong order. You know, you drive up to the window and you order a couple of hamburgers and Cokes and you get home and you open the bag, lo and behold, it's the wrong order. And those errors were attributable, basically, to a lack of language skills, particularly by those who are seemingly at the lowest economic rung on the ladder. If we have any thoughts, and perhaps, maybe that's an exceptional story.

One of the saddest stories was, once again, referring to my favorite liberal newspaper, the *Times*, on the cover article on Monday with regard to the tragic situation faced by young black males in our society. I wanted to cry. I tell you, a grown 76-year-old man, I really wanted to cry when I read those figures with regard to what is happening to dropouts in

society. And it's not just, I imagine the focus was on the African-American community because they're so numerous and the problems are particularly egregious, with regard to their community, but it's a problem which we, I don't want to be a skunk at a lawn party, but I think what we really have to do is focus on *the* most fundamental issue, with regard to getting on the economic ladder and finding some way up, has to be on education. And you can talk about special programs, but when the legislature and the governor fail, not only to their basic responsibility to the city of New York and children in underachieving areas, but their refusal, even, to follow a court order demanding that, yes, hold your breath, billions of new dollars be infused annually for our school system. We have to ask ourselves: how can we really rely on government to solve our problems if they can't address the most fundamental problem?

It's such a complex issue. I come as one who has not been able to solve too many problems in his life. When I had the opportunity to serve in Washington in the first Bush administration, addressing the problems of the abuse of civil rights, really, at the base of problems with regard to discrimination in employment, in housing, in access to credit, was a lack of education, education which couldn't get you onto that first rung on the ladder. But, oh, indeed they had free access to prisons and unemployment lines, but unfortunately, our focus has not been where it should be. Frank McCourt had that wonderful new book, Teacher Man, I don't know if any of you read Angela's Ashes, you can skip the second book he wrote. But, Teacher Man is really interesting, his experience teaching first at a vocational school in Staten Island and then at Stuyvesant High School, that's from there to there. He found many of the same problems, but his basic proposition was: you've got to make education interesting, interesting for the kids.

Now, I know that's only part of it, but that has to be the first step, and that perhaps explains the tremendous number of dropouts. Now, I look around this room, that's not just a problem in the African-American community, don't get any false sense of hope from there. The number of dropouts across the board, in all racial and ethnic communities in New York City has been significant, but what's most significant is the lack of economic opportunity and the vast disparity with regard to those who have stayed with a high school education and those who have dropped out. So, once again, not to spoil your focus, I know we all have special programs that we're interested in, but I think that we've got to look at the issue of the failing of education.

Let me, if I may, just bring you a latest bulletin as I get it from my friends across the street, up at the capitol. The current budget negotiations, which may be nickel/dime stuff, compared with those grand schemes and hopes we have for the new governor. Right now, the negotiations have not broken down, but there's not been much progress between the assembly and the senate, with regard to adding additional money for children and family programs. The senate right now is talking about putting in an additional \$21.4 million, the assembly, as you might very well expect, is looking for about \$34.8 million additional dollars. The objectives of this increased funding would be, one, to reduce caseloads, to increase the level of services, to increase funding for foster care, to increase better funding for healthy family home care visits, and also to provide a significant amount of funding for local not-for-profits working on many of the programs to which you have

committed. Most of the money would be going to counties, for distribution through their own established network of programs.

I came here to listen to you. I won't say anything more, except that, one, I look at Tom Roach and I think of some others in the room with whom I worked, with Karen, in establishing the Division for Families and Children. I think that was a major first step. It was a good sign. I have great confidence that whoever it is that is sworn in on the first of January in '07 will have a great opportunity to follow in the shoes of my heroes, Thomas Dewey and Nelson Rockefeller, to present innovative, energetic, imaginative programs, which, indeed, I've always been proud to declare that we are the Empire State. I still think that we are, but I think with a new, fresh approach, we can really maintain that position as a leader in the country, and I thank you again for the opportunity to be a pinch-hitter.

Jonathan Bowles: We're going to go to some questions in the audience in just a minute. Before so, I wanted to just ask one question, I think first to the respondents but also to anybody else on the panel afterwards, and that is: we've heard a lot of proposals so far today about how to have an impact on this rising number of working poor in New York State. What's achievable? Are there things that have been discussed and proposed today that you see that have some possibility, maybe not with this year's budget, but sometime in the near future? Are you hearing things from the various governor candidates that are running that make a lot of sense to you, that you think present a real opportunity? I'm really curious from both of you, given what you know about the legislature, how hard bold new initiatives are to go forward, what could be done?

Deborah Glick: Well, the one thing I would say is: we've lost a lot of manufacturing jobs, which are, have traditionally been the way in which people have been able to move themselves into the economy and up, with lesser skills and develop skills as they go along. And that, I don't think, is terribly likely to be reinvigorated. If we're going to be doing manufacturing-type jobs, they're going to be in high technology and that's going to be not open immediately to the poor. But the reality is that we're shifting the economy and it's very hard. I think this is almost like being in the agrarian economy and shifting to the industrial, and I think that, you know, the one thing that is real about New York, that we're not going to lose are the cultural and educational institutions. They're here in New York, they're staying in New York and universities, for lots of reasons, become a focal point for generating a lot of economic development. It's new ideas, but they don't just need professors, they also need people who do the food service, that do maintenance work and so they become an engine.

And I think we have seriously under-funded higher education, particularly public higher education, and I think if we can make a shift, it makes it more available to a wider range of people. And if you go through towns upstate where they have a SUNY campus, versus places where they don't, there's a marked difference. And, so, I think that it's very doable to drive more dollars into existing institutions rather than trying to replicate something, and I would hope that that would be – and cultural institutions, frankly – and I would

hope that the new governor, whoever that is, would focus in that arena and see economic development dollars being driven into higher education.

Jonathan Bowles: Senator?

John Dunne: In the world of real estate, it's location, location, location. In the field of economic improvement, I think it's education, education, education. And, once again, it may not be terribly glamorous, but fundamental basic education has to be our first priority. And I think that's where the focus really has to be. I'm a realist, I understand it's going to take a long time to be able to achieve that, but we can't talk about higher education for an increasingly large number of minimally uneducated people. I think that that's where our effort has to be. I can't predict the future, but the court has told us we have to do something about it, I hope that a new, strong, vigorous governor will provide the leadership for that.

Jonathan Bowles: Outside of the CFE lawsuit and how that gets resolved, is there anything, with regard to – people have talked about access to higher education today, and this is really open for all panelists, but: is it increasing more state aid for education, is it things like the TAP program and other scholarships? Are there things that you see that just must be done?

Deborah Glick: Everything is a constellation of things. Nothing operates in isolation. And, so, efforts that we on the assembly have to promote part-time TAP really is important, because you have working parents who may need to get that next step in order to have the ability to advance in their job, and I certainly don't disagree that we have to start with the earliest education, but you sort of have to do two things at once. You have to address that early education, but you can't forget that there are people now trying to get by, educating their kids. And so you have programs in BOCES where they have, you know, for \$4,500 you can get a very good construction trades program that you can go to for nine months and come out with real skills that make you totally employable. But where are you going to get \$4,500? So, I think that it's about doing a range of supports and not doing just one thing. And, yes, I think, I personally think that there's a lot of economic development money that gets spread around. We have private enterprise that comes and says: we don't know how we're going to pay our electric bill, the price has gone up so much, and, you know, that's \$300,000. Well, I think we have to look at where the executive compensation is. If somebody is being compensated at \$6 million, I know where they can get the money for the electric bill without coming to the state for it. So, those are things that have to be addressed. Where are there real needs and how much money has been diverted out of the state budget, into economic development, that ought to be a shared expense by the stockholders?

Jonathan Bowles: Do any of the other panelists have any thoughts about access to higher education or other really achievable things that have been talked about today?

Frank Mauro: I think the thing that is most achievable is what Karen has been focusing on, is trying to expand pre-kindergarten, and so the fact that the Assembly, they're not

funding the program at the agreed-upon level, but the assembly has added \$100 million and you're trying to – I guess the original commitment, when they started this program in 1997, was that it would grow over five years to \$500 million, but it's been stagnant now at \$200 million for five years, and the Assembly has added \$100 million this year, which would make it more available. So, I think starting with pre-k is so important for needy children. And in the CFE plan, that a good number of Assembly members have introduced, the plan for implementing the CFE decision statewide, would allow school districts to count pre-k pupils in the regular pupil count, so it would make it a part of the regular system. And, so, I think that's a bigger change, I mean, whether or not we ever accomplish that, I don't know, but that would be very good, if the CFE bill was adopted and pre-k became part of the system, so any school district that wanted to have pre-k would then be able to do so. I mean, a wealthy school district would get a very small percentage, a poor school district would get a large percentage, because there's a sharing formula involved in it.

So, I think that in terms of what's immediately possible, I think that is. I think both houses of the legislature are restoring the governor's cuts in TAP, they're not going along with that. The Assembly has put forth a plan for significant additional resources in the main higher education programs, because, you know, for faculty slots at both SUNY and CUNY. I noticed that Arthur Eve, former Deputy Speaker is here, and Arthur is one of the fathers of the HEOP and EOP programs, which are the incredibly successful opportunity programs at the private colleges and SUNY, patterned after SEEK at the City University. And while other states have been having these debates about affirmative action, New York has this incredibly successful program. It provides both some financial assistance, but also tutoring and other assistance and it's been incredibly successful. Other states have debates about affirmative action, but we have these successful programs, and they're frozen at their 1994 funding level.

Jonathan Bowles: Thank you, Frank. We've got, I think, about ten minutes for questions. So, does anybody have any questions, and, please, if you do, please limit it to a question so everybody gets a chance to ask something. Yes, sir?

Audience comment from Arthur Eve, former Member, NYS Assembly: I think Frank mentioned that there was a promise for \$500 million after 2002 for pre-k. \$100 million is really chump change for what's needed. We have a minimum and I've got a correspondence from the Commissioner of Education that says we need \$750 million – there's 200,000 kids out there that could be eligible, and if we don't start in that area, John knows it, because he and I were both at Attica Prison, it's either education or incarceration. It's one or the other. And we need to slow up this budget, not pass it on April 1st, we need to stand ground, and I've met with some of the Black and Puerto Rican legislators – sorry we don't have Ed Sullivan still in the Assembly, but we need to say: no budget until the needs of children, and we need to be talking about \$500 million.