

**New York State Comptroller Thomas P. DiNapoli**  
**Great Neck Teachers Assoc. Retired Educators Chapter Lunch**  
**September 30, 2015**

(Remarks prepared for delivery)

Thank you, Bill, for that generous introduction.

It's good to be among friends!

I want to thank everyone in this room and all of your brothers and sisters in the teaching profession, active and retired.

Throughout your teaching careers, you played a critical role in raising and shaping New York's children. And what a difference that has made for New York State.

I have tremendous respect for the career you chose.

I get angry when I hear people in public office and the media disparaging teachers and public schools.

*"Teaching is not a lost art," the historian Jacques Barzun once observed, "but the regard for it is a lost tradition."*

As the grandson of immigrants, I can tell you that a high-regard for teachers runs deep in my family. My parents' reverence for school and teachers was instilled in me at a very young age.

For both my parents, first generation Americans, public education was the pathway to the middle class. And as Italian was the first language in my mother's home, it was in her public school classroom where she first learned English.

Like millions before and after me, a public school education was the door to an economically secure and successful life, and my teachers provided the key.

I had a lot of great teachers and I remember them all.

A couple of years ago I went to the 50th anniversary celebration for my elementary school, the Meadow Drive School in Albertson. I took the opportunity to invite my 2nd grade teacher, Mrs. Wallach, to join me.

Yes, I still address her as Mrs. Wallach.

That day, in front of current students and teachers at Meadow Drive, I was able to thank Mrs. Wallach, and all of my teachers, for inspiring me and making such a difference in my life.

And today, I want to take the opportunity to thank all of you for the profound difference you made in the lives of students just like me during your careers.

I'm sure they remember you well.

And as a state, we need to remember you, and respect you in your retirement as well.

\*\*\*

This morning, I want to spend a few minutes updating you on the state of the state economy and our Retirement Funds.

The statewide unemployment rate for August 2015 was 5.2%.

Long Island's August unemployment rate was 4.5%, (Nassau 4.3%, Suffolk 4.7%) among the lowest in the state.

My office recently released its latest Employment Trends Report, which offers a detailed look at regional job growth in the state from 2009-2014.

The report shows steady but uneven job growth across the state.

New York State added 538,000 jobs from 2009-2014.

Three of four jobs added by the state since 2009 have been in New York City.

During that period, Long Island added 57,000 jobs, more than any part of the state outside of New York City.

The fastest rate of job growth on Long Island has been in leisure and hospitality, followed by education and health services, and professional and business services.

Many Upstate Regions have not seen that kind of job recovery occurring here on Long Island. For instance, the North Country, Southern Tier, Central New York and Mohawk Valley Regions all lost jobs between 2009-2014.

While there has been overall growth in private sector employment, public sector employment has decreased across the State.

More than 87,000 government jobs have been eliminated since 2009, most of those in our local governments and school districts.

Local sales tax collections are also important indicators of strength or weakness in consumer spending, a major element of our economy, as well as the fiscal health of our local governments.

My office also recently released our latest report on local sales tax collections.

We found that local sales tax collection growth across New York State was just 1.6% in the first six months of 2015, compared to 3% percent growth during the same period in 2014, and 4.2% average annual growth over the past 15 years.

Long Island sales tax collections increased by 1.2% during the first six months of 2015 compared to the same period in 2014 – 1.42% in Nassau County and 0.9% in Suffolk County.

The bottom line is, there has been a general downward trend in local sales tax collection growth over the last several years and that is continuing in 2015.

The housing market continues to improve. According to the latest Multiple Listing Service/ Long Island report, a number of housing indicators are showing sustained improvement.

Between August 2014 and August 2015, home sales increased by 13.8% in Nassau County and 8.7% in Suffolk County. And during the same period, home prices increased by 0.3% in Nassau and 3.7% in Suffolk.

\*\*\*

As you know, Wall Street is another key driver for our state economy.

Every job created on Wall Street creates two more jobs in New York City and one more elsewhere in the state.

Last year, the securities industry accounted for 19% of the State's tax revenue and 7% of New York City.

Earlier this year, we released our annual Wall Street Bonus Report, which showed that the securities industry remains profitable and well-compensated even as it adjusts to regulatory changes.

We estimate that in 2014, bonuses in New York City's securities industry rose by 2% to more than \$172,000, while pre-tax profits for the broker/dealer operations of New York Stock Exchange member firms totaled \$16 billion, a decline of 4.5% from 2013.

Even though the industry was slightly less profitable in 2014, it added 2,300 jobs, the first year the industry has added jobs since 2011.

While the securities industry is still 11% smaller than before the financial crisis, the resumption of job growth is good news for the city and state economy.

Although it remains to be seen whether the job gains can be sustained, through the first 5 months of 2015, Wall Street was on pace to add 3,900 jobs this year.

\*\*\*

So, we are making headway in rebuilding after the economic damage of the Great Recession.

But there are still challenges ahead.

One way to a stronger economy is better budgeting from Albany.

This year's State Budget was the fifth consecutive on-time or nearly on-time Budget, which is a positive sign.

The Governor and the Legislature deserve credit for alleviating the gridlock that characterized the budget process for many years.

The state is in its strongest fiscal condition in some years.

As always, there is some good news in this year's state budget and some reasons for concern.

As you know, over the past 16 months or so the state has received almost \$7.5 billion from an extraordinary string of financial settlements, primarily with companies that violated federal and/or state banking and insurance laws.

Throughout this year's Budget process, I advocated for this one-time windfall to go towards essential infrastructure investments or other one-time purposes, and not be used for ongoing expenses.

The Enacted Budget makes some of these funds available for infrastructure projects through a new Dedicated Infrastructure Investment Fund and authorized up to \$4.55 billion to be transferred to the new fund.

The Governor's Budget Division has indicated an intent to use the money deposited into the Fund for one-time purposes, which would be appropriate.

However, a great deal of flexibility, under certain circumstances, is built into allocations, allowing money to be moved around for different purposes, including for ongoing expenses.

We need to make sure that these public dollars are used effectively and appropriately.

The Budget also includes new resources targeted specifically to Long Island.

The new Transformative Investment Program provides \$400 million for grants or loans of at least \$5 million for projects on Long Island (or in New York City), and there's an additional \$150 million in financial settlement funding targeted to Long Island projects.

It's not yet clear how the funding will be allocated or what types of projects would be eligible for these resources.

These and many other appropriations in the Budget leave final decisions to the state's economic development leaders or other agencies.

Debt is still a concern. While the State is approaching its statutory cap on outstanding debt, this Budget adds almost \$7.5 billion in new borrowing authorization, approximately \$2.2 billion or 40% more than originally proposed in the Executive Budget.

I continue to be concerned about the State's rising debt burden, and my Office will keep an eye on this as well.

\*\*\*

Despite our continuing economic progress, it's clear that local governments and school districts across our state are facing significant fiscal challenges.

Thanks to your advocacy, in recent years we've seen an increase in school aid – this year's State Budget increased school aid by \$1.3 billion.

But I don't have to tell you that School aid cuts of the recent past combined with the Tax Cap have led to tough budget decisions in many schools. Good programs have been cut. Dedicated teachers and support staff have been laid off.

The confluence of financial challenges facing our municipalities and school districts isn't a passing problem – it's the new normal. And therefore, we need new strategies to address these challenges.

That's why I developed and implemented an early warning system to identify municipalities and school districts in fiscal stress.

Our Fiscal Stress Monitoring System, or FSMS, is an early warning system for local governments facing significant fiscal and budgetary issues so corrective actions can be taken before a full financial crisis develops.

Our goal is simple. We do not want to see a Detroit in New York.

To date, we have reviewed more than 2,300 localities including counties, cities, towns, villages and school districts.

Thus far, 147 local governments have scored high enough to be placed into one of our System's 3 categories of stress - significant, moderate and susceptible.

Although even one community in fiscal stress is too much, we need to put that number in perspective. 147 out of 2,300 is roughly 7% of local governments in stress.

\*\*\*

I'm happy to report that the New York State Pension Fund is stronger than ever.

The Fund is valued at \$184.5 billion and ended the last fiscal year with a 7.2% positive return.

Unlike many State Pension Funds across the nation that are currently facing difficulties because of shortsighted practices in the past, our Fund is among the best run, best funded in the country.

In fact, Fitch, Moody's and S&P have upgraded the state's general obligation bond ratings, citing an improved economy, better budget management at the state level, and a well-funded State Pension Plan.

As you know, we are part of the Teachers Retirement System Board. My appointee to the TRS Board is Nick Smirensky.

As of the last fiscal year, the TRS was valued at \$108 Billion.

So, whether you are in our State Pension Fund or the State TRS, you are part of well-run and well-funded pension plans.

As a result of the State Fund's strength, we have been able to decrease employer contribution rates for the past three years.

This year, the average contribution rate for the Employees' Retirement System will decrease about 15%, while the average contribution rate for the Police and Fire Retirement System will decrease about 2%.

The State TRS reduced its contribution rate by a dramatic 24% last year.

Recently, our Fund lowered the assumed rate of return from 7.5% to 7%.

Lowering the assumed rate of return is fiscally prudent and will better position the state pension fund for the future. This strategic decision is consistent with the tougher investment climate ahead.

\*\*\*

Part of the reason for State Pension Fund's strength is the investments we make in New York State.

To date, we have invested \$810 million in 308 New York businesses all across New York State, resulting in the creation or retention of close to 4,000 New York jobs.

We're also investing in New York businesses through the New York State Business Development Corporation (NYBDC), making loans to New York State small businesses for working capital, equipment or real property needs.

Through that partnership, we've made more than 1,000 loans totaling more than \$300 million to small businesses across the state.

We'll continue to look for win-win investments that build up the Pension Fund and build up New York.

\*\*\*

A strong, well-run pension fund means a better state for all of us.

Research by my office has found that 80% of New York State retirees – 280,000– continue to live in New York State and recycle their state retirement benefits into the state economy, to the tune of \$7.4 billion in spending, \$10.4 billion in economic activity and \$1.4 billion in property taxes.

It's clear that the continued strength of our Pension Fund – has a positive effect our people and our economy.

And that means if we weaken retirement security, it will not only hurt retirees, it will undercut local communities across New York State.

That's why I opposed the 401k option in Tier 6, and that's why, if anyone tries to substitute or replace defined benefit plans with 401k defined contributions for public employees in the future, I'll say the same thing I've always said:

It's a bad idea and I'll fight against it.

I will continue to stand up for a strong, secure retirement for all public employees.

The bottom line is, difficult economic times shouldn't be used as a rationale to take away the secure retirement benefits that teachers and other public employees earned and deserve.

\*\*\*

To sum up: The State and Long Island are moving in the right direction. Our economy is recovering. Yet, we still have work to do to turn our recovery into sustained economic growth.

Now more than ever, we need you to be active and engaged members of the Great Neck Teachers Association, making your voices heard on the issues that matter to you and your fellow retirees.

I don't have to tell you that it's a tremendously challenging time for our schools and our educators.

As you know, the debate continues on testing and teacher evaluation.

Let me restate today what I have said numerous times on the issue: We're losing something if we take away the opportunity for inspiration that has always been an essential part of the relationship between students and teachers.

The truth is, there is nothing more important to a child's future than a caring, committed, passionate teacher.

The noted Psychologist and scholar Carl Jung spoke to the brilliance of our teachers, but also to the importance of the deep emotional bond forged with students.

He once wrote:

*An understanding heart is everything in a teacher, and cannot be esteemed highly enough. One looks back with appreciation to the brilliant teachers, but with gratitude to those who touched our human feelings. The curriculum is so much necessary raw material, but warmth is the vital element for the growing plant and for the soul of the child.*

There is no doubt that the skill and warmth that you and your fellow educators provided each day in your classrooms was the foundation to many of the successes we have achieved in our state.

You mentored ...you counseled ... you led by example. And child by child, you built up this state.

And that's why, as State Comptroller, I'll continue to push back against those who scapegoat our teachers and retirees and try to take away hard earned benefits.

Again, thank you for your service and the role each of you played in raising and shaping New York's children.

I'll continue to stand shoulder to shoulder with all of you to ensure that hardworking union members and retirees are treated with the respect they deserve.

Thank you.