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The Week That Was

05-26-17

1. Help Wanted

Our Spin:

"Buddy, can you spare a dime?" The Governor offered his hand to President Trump but asked him to fill it, not shake it. The President, meantime was out of town?

The Story:

Governor Andrew Cuomo is calling on President Donald Trump for federal help at Penn Station this summer, saying the "impact of the state of disrepair" is at "a tipping point." On Sunday, Cuomo sent a letter to the home-state President which gained support early in the week from a bi-partisan group of U.S. House members from the New York City area. In his letter, Cuomo urged the federal government to treat "this as an emergency situation and provide funding for the short-term Penn construction and transportation alternatives and facilitation of a long-term resolution for Penn Station." He also reiterated a call he has made before, that a private operator should take over operations at Penn Station from Amtrak. Amtrak operates the station that is also used by the Long Island Rail Road and New Jersey Transit commuter lines. "At a minimum, I believe Amtrak should turn over construction and operations to a private sector terminal operator because all the past experience has suggested that Amtrak does not have the funds and expertise to consistently invest and manage over the long-term Penn Station's complex combination of track infrastructure and terminal operation," the Governor said. Amtrak agreed with Cuomo's assessment that the station has been underfunded, saying in a statement, "Decades of insufficient investment in new capacity or renewal, coupled with constant pressures on the time available for maintenance, brought us to where we are today."

CBS New York
Poughkeepsie Journal

2. The Dance For Control

Our Spin:

The Assembly and Senate have begun their end of session dance over the extension of Mayoral control of schools. The Assembly's opening move, akin to a spicy Tango, was to tie the extension of Mayoral control to the extension of sales tax in virtually every upstate county. The Senate countered with a more subtle ballet-like move by asking for more transparency on the spending. Perhaps the final act will be a calm waltz to a simple extender?

The Story:

The issue of extending mayoral control of New York City schools is heating up with Senate Majority Leader John Flanagan saying he can't consider the issue until he knows how the city spends $9 billion in state funds. After this week, there are only three weeks of session left, which means time is running out for the Legislature to reach an agreement. The Democratic-controlled state

Assembly quietly passed a bill extending the mayoral control of New York City schools for two years, earlier in the week. "We just put in what we consider straight extenders," said Assembly Speaker Carl Heastie. "I have said before it wasn't our inclination to open up and add policy things for what we think are straight extenders, and we look at mayoral control as the same way." “If mayoral control expires by law or by elimination of law, it would go back to a city board of education,” he said. “There would have to be local school districts … I think the children of the City of New York deserve more stability. We’d like to give the mayor two years of stability of the school system,” Heastie said.

Flanagan on the other hand, sent a letter to the mayor this week requesting a breakdown for how much money is spent by each school. The Flanagan letter reads, "A fundamental shortcoming of this administration has been a lack of transparency and response to requests for information. The lack of detail on how New York City spends the almost $9 billion provided to it by the state has been one of the key determining factors in a short term extension of mayoral control." The city has sent several reports but not filled out one mandated by state law and provided by the state Division of Budget, Flanagan said.

NY Post
Spectrum News

3. To Lend or Not To Lend

Our Spin:

To lend or not to lend… That was the question of the day for the Assembly & Senate at a Monday marathon hearing regarding ‘Online Lending Practices’ in New York State. This issue is near and dear to some of us at FWC as we have been advocating for years that there is a need for New Yorkers to have access to small dollar credit. DFS Superintendent Maria Vullo, the first witness to testify at the hearing seemed to have also agreed that the need exists. To no surprise, Superintendent Vullo called for all lending entities to REGISTER with DFS if they engage in any lending with 7% or greater interest rates. You can probably guess the level of enthusiasm from the FINTECH companies and other lenders that were in attendance.

The Story:

For those not familiar with online lending, it’s an area of business which is rapidly expanding in popularity and usage. In 2015, online lenders issued over $20 billion in loans, and that number is expected to grow over the next decade. As a result, the Legislature held a joint hearing this week to gain insight on the industry and determine whether legislative action is necessary to protect consumers and small businesses from potential predatory lending practices.

Online or peer-to-peer lenders create a web-based marketplace where borrowers and lenders can come together. Because the online lenders don't actually originate the loan, they aren't considered banks and aren't regulated as such — which is a major cost advantage. Although online loans can provide another avenue for entrepreneurs to acquire capital and grow their small businesses, there is also significant potential for unscrupulous online lenders to exploit consumers through predatory practices such as unchecked interest rates, lack of disclosure of hidden fees, and unclear loan terms.

At the hearing, Department of Financial Services Superintendent Maria Vullo testified in favor of putting online lenders on the same regulatory page as traditional lenders like banks. "My position is they should get a license from us so we can supervise their operations," Vullo explained, noting that many of the so-called investors who put up loan money on online marketplaces are actually large hedge funds. "The playing field should be level."

Lawmakers were also cautious of the business practice. "It feels deceptive at best," Manhattan Democratic Assemblyman Brian Kavanagh said after hearing one firm's explanation of its business structure. "We regulate pawn shops and other entities that are allowed to charge up to 48 percent interest," noted Sen. Diane Savino, a member of the Independent Democratic Conference from Staten Island.

Times Union