



**THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
SCOTT M. STRINGER**

**TESTIMONY OF NEW YORK CITY COMPTROLLER
SCOTT M. STRINGER**

**RESPONSE TO THE PROPOSED
2018-2019 NEW YORK STATE
EXECUTIVE BUDGET**

February 5, 2018

Thank you Chair Young, Chair Weinstein and members of the Committees and the Legislature for having me here today.

In these challenging times, it's great to be with friends and colleagues who share the belief that our New York values will withstand the headwinds coming from Washington. I'm joined here today by my Deputy Comptroller for Budget, Preston Niblack and my Director of Intergovernmental Relations, Dylan Hewitt.

I know from my 13 years of service in the Assembly that this marks only the beginning of the budgeting process. And I welcome the opportunity to speak about the implications of the Governor's proposed Executive Budget for New York City.

I look forward to working with all of you to reach a budget that will advance New York as a leader in the fight for fairness and opportunity for all of our people, not just some.

First off, we've seen some important progress from the Governor, and the Senate and Assembly working together.

At the end of last year, our state minimum wage rose to \$13 per hour in New York City, on its way to \$15 at the end of 2018. This will ultimately benefit 1.5 million City residents, boosting wages by more than \$10 billion.

New York's paid family leave program took effect on January 1st of this year. This milestone finally eliminates the impossible choice between keeping a job and caring for a loved one.

Thanks to your achievements last year, New York will no longer treat our adolescents as adults in the criminal justice system and subject them to the deplorable conditions in our city jails.

Through the Excelsior Scholarship program, more high school students have a real shot at a college degree. And with the expansion of the State's child care tax credit, more middle-income parents can afford to work and live in New York.

These are all important accomplishments for New Yorkers, and you should be very proud. Going forward, we must build on these accomplishments to ensure we foster an economy in which every New Yorker has a fair chance to get ahead.

But we cannot do so without recognizing that this President and this Congress are determined to punish states like ours, by crippling our economic competitiveness and our legacy of progressive leadership.

They have, as Governor Cuomo put it, launched a missile at the heart of our State's economy with the federal tax bill. I want to reiterate – the difficulties of meeting this challenge cannot be underestimated.

But it's our responsibility to homeowners and taxpayers across the state to ensure State and Local governments can fulfill their functions, despite this assault by the federal government. Whether you live in a high-tax state, or a low-tax state, it's our schools, our enforcement agencies, our social services that impact lives.

As you know, the protection of states' rights is enshrined in the U.S. Constitution. Usurping our ability to raise enough revenue to pay for critical services is simply a violation of that core principle. But while we wait for the federal tax bill to be found unconstitutional, or better yet, be repealed, we must focus on protecting our own.

You can do that by supporting decoupling of State income taxes from the federal cap on deductions. Further, the State should allow New Yorkers to continue itemizing their State tax deductions, even if they take the standard deduction on their federal return.

And if Congress does not fix the carried interest loophole that allows investment fund managers to pay lower taxes than teachers, New York should take the lead.

The federal tax bill was only the first clap of thunder in this brewing storm. When President Trump releases his budget, the safety net we've worked for decades to strengthen in New York will again be at risk.

The City's Housing Authority, which is home to more than 400,000 New Yorkers, or 5 percent of the city's population, relies on the federal government for 60 percent of its budget.

Our public hospital system requires hundreds of millions of dollars in federal aid to continue to serve the uninsured. And that population is likely to grow even larger with the end of the individual mandate.

The budget that President Trump proposed last year would have blown an \$850 million hole in our City budget – at least. We are fortunate that these cuts have not yet materialized, but the threat has by no means disappeared.

As Republicans in Congress pledge to cut health care and vital services for our most vulnerable, I ask that you ensure the State's budget protects our core values.

First, our students are our future, and I cannot emphasize enough the need for continued investment in our public schools and pre-k programs. I hope you will keep us moving in the right direction toward ensuring the quality public education that is guaranteed by the Campaign for Fiscal Equity decision. I would also ask you to reject cost shifts for summer school special education programs and child welfare services in New York City.

And it's time to build upon your accomplishments with Raise the Age and continue to fund the Close to Home initiative. Close to Home has allowed us to move juveniles from upstate facilities to the city, surrounded by their families and communities, where they should be. The Executive budget completely eliminates funding for this important program. I urge you to restore \$30 million for Close to Home.

We also must make it easier for all New Yorkers to participate in our democratic process by curbing barriers to voting. In 2014, only 25 percent of registered New York City voters cast a ballot. This is a national embarrassment.

This Executive Budget calls for adopting early voting in New York, which many other states have already done, but does not allocate the resources to fund it. I urge you to truly invest in the future of our democratic process by adopting early voting and fully funding it. It's also high time we end the chaos – and soaring costs – of up to four elections a year, and combine our state and federal primaries.

Today, I also ask that you support the Governor's bold agenda to overhaul the State's bail laws. I urge you to join me in calling for a ban on commercial bail bonds.

My office issued an analysis that found these private, for-profit actors are extracting as much as \$27 million every year from those who can least afford it. They are unnecessary for the function of our justice system, and they come at great expense, both to the accused and the public. We found the cost of detaining people who could not afford bail reached \$100 million last year.

The Governor has also proposed examining the benefits and challenges of legalizing recreational marijuana. Our neighboring states are moving forward on legalization, and so should New York. Not only is marijuana an untapped revenue source for the City and the State, but the prosecution of marijuana-related crimes has had a disproportionate impact on Black and Hispanic communities for too long.

But I will say – if you're gonna toke it, tax it.

Let's also end the lifetime disenfranchisement of those with criminal convictions. Once you have served your time, it's time to bring you back into society – and that includes the ability to exercise your most fundamental civic right.

Let's also end the marginalization of our fellow New Yorkers who live in public housing. My office's audits and investigations have uncovered innumerable problems at NYCHA. But decades of federal disinvestment in public housing are at the root of the problems. The City must step up financially to help preserve this critical affordable housing from irreversible decline.

But we cannot do it alone, and the State must partner with us to protect the over 400,000 residents of NYCHA developments from leaking roofs, broken elevators, and freezing temperatures.

Finally today, let me address the MTA. Our mass transit system is the power grid of New York City's economy and we cannot afford to continue the dysfunction. My office has documented the economic and human costs of the deterioration of our subway system.

As delays on the subways reached new highs this summer, we found that nearly three-quarters of riders were late to work because of transit problems. Thirteen percent of riders lost wages. We found that the total cost of subway delays adds up to as much as \$389 million per year in lost wages and productivity for our City economy.

Our economic success is literally built on top of the subways. Let's not throw that investment away.

So let me be clear. I support the emergency action plan put forward by Chairman Lhota. And I believe the City should step up and pay its fair share of the cost. We are not looking for a handout.

It's time to look to the future, not the past, and it's time to work together. As we move forward, we must employ complete transparency in how emergency funds are used. And then we must come up with new, permanent funding solutions for the MTA. No option should be off the table.

First, I've suggested a new \$3.5 billion Transportation Bond Act as part of the solution. The last Bond Act in 2005 allowed the MTA to buy 1,500 new train cars and a new fleet of buses. That meant fewer breakdowns and fewer delays for riders.

Another potential funding stream is the congestion pricing proposal from the FixNYC task force. Their plan represents a new approach. In the past, leaders have looked at congestion pricing with a Manhattan-centric perspective, and only considered the cost of congestion to the central business district. This proposal acknowledges that we must first address the transit needs of residents of all five boroughs. I agree.

My office recently published a comprehensive review of our City's bus system. We found that our buses are the slowest in the nation and many routes are misaligned with the city's changing commuting patterns. We cannot ask residents of Canarsie or Parkchester or Queens Village to face a choice between driving and paying the congestion charge every day, or taking up to 3 buses that will take them 2 hours to get to work. We need a system that works for everyone.

We also can, and should, explore value capture as a mechanism to build and maintain a world-class transportation infrastructure. But I cannot support enabling the MTA to unilaterally take City property taxes through so-called Special Transportation Districts.

I feel confident that none of us who has served at the local level can support giving someone else control over our taxes, and I urge you to reject this proposal.

And let's dispense with the idea that somehow New Yorkers are not paying our fair share of the costs of the subways and buses. Through fares and tolls, taxes and subsidies, New York City residents contribute well over \$10 billion annually to the MTA. We are willing to pay our fair share – as long as we get a fair return.

In conclusion, I feel confident in this legislature's ability to advance a fair and balanced budget despite the challenges and uncertainties we face from Washington.

New York must continue to push forward without leaving any of our people behind. Let us, instead, work together – cities, counties, and State; Legislative and Executive branches – to protect our values and maintain New York as a fair and equitable home to all of our people.

Thank you again for the opportunity to testify.