



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

**Testimony of  
New York City Comptroller Scott M. Stringer  
Before the Joint Legislative Local Governments Hearing  
on the 2017-2018 Executive Budget Proposal**

**January 30, 2017**

Thank you Chair Young, Chair Farrell and members of the Committees and the Legislature for having me here today. In these uncertain times, it's great to be surrounded by old friends and colleagues who share the notion that our New York values will withstand the turbulence of these next four years. I'm joined here today by my Deputy Comptroller for Budget, Preston Niblack.

I know from my 13 years of service in the Assembly that today marks only the beginning of the budgeting process. I welcome the opportunity to speak about the Governor's proposed Executive Budget on behalf of New York City. I look forward to working with all of you toward a budget that will progress New York as a leader in the fight for fairness and opportunity for all of our people, not just some.

Last year, the Senate and the Assembly worked together to enact meaningful change to do just that. New York passed a \$15 per hour minimum wage, which will benefit 1.5 million people and boost wages by more than \$10 billion. New York became only the fourth state in the country to guarantee paid family leave, so that no working person will have to choose between keeping their job and caring for a loved one.

And our state government's Minority and Women-owned Business Development program has continued to grow, promoting equal opportunity for our businesses and helping to create wealth in all of our neighborhoods. The State's goal of 30% procurement with MWBEs is an important one, and we must ensure that the City has tools to match or surpass it. That's why I support Assemblywoman Bichotte's legislation that would enable City agencies to develop capacity-building programs for M/WBEs; expand the City's ability to use pre-qualification lists when awarding contracts; and create more flexibility to use "best value" in evaluating bids or proposals for City contracts.

I'd also like to commend the Assembly for passing the Reproductive Health Act and the Comprehensive Contraception Coverage Act, which ensure that women in New York can make their own health care decisions and have access to affordable services. The Governor has taken the first step toward guaranteeing that important gains in access to women's health care and reproductive services are not undone by a potential repeal of the Affordable Care Act. The Governor's and the Assembly's actions are perfect examples of how we need to respond when policymakers in Washington threaten the rights of New Yorkers. I encourage the Senate to follow that lead.

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 facing the fact that this President and this Congress are determined to abdicate the federal government's responsibility towards our citizens, and actively impede our efforts to build a fair and just society.

I know you all are familiar with the risks that face our State economy under this Administration, but I'd like to speak today about potential ramifications for New York City.

My office analyzed the potential impact of federal funding cuts and found that aid is concentrated at 11 City agencies that serve our most vulnerable citizens and keep our city safe. Federal funds support 60 percent of counter-terrorism efforts, half of the budget for child protective services and numerous critical housing and healthcare programs, like Section 8 vouchers, which support 124,000 New York City families. The safety net that we've worked for decades to strengthen in New York is now at risk of collapsing. The City's Housing Authority, which is home to more than 400,000 New Yorkers, or 5 percent of the city's population, depends on the federal government for 60 percent of its budget. And our public hospital system requires hundreds of millions of dollars in federal aid to survive.

These federal cuts are a jockeying tool between a President and Republican Congress to see who can cut taxes the most for the wealthy. Meanwhile, the President's proposed tax plan would cost the federal government trillions of dollars in lost revenue and leave our most vulnerable citizens without access to the services they depend on.

The only things that will "trickle down" to states and localities are spending cuts. And with the City's revenues slowing – alongside the State's – we have to be prepared for harder times ahead. One tool for saving is the City's budget cushion. At the beginning of City fiscal year 2009, prior to the Great Recession, the City had accrued a cushion equal to 17 percent of expenditures, which was indispensable in helping us weather that downturn. As of now, we will start fiscal year 2018 with a cushion of only 10 percent. We must do more to identify savings in our City budget.

Meanwhile, our homelessness crisis continues to consume precious budget resources, with total City spending on homelessness rising to \$2.1 billion this year. Assemblymember Hevesi has put forward a bold new plan that deserves your serious consideration. Home Stability Support is a potential long-term solution to this crisis that could offer a real path out of the shelter system for thousands of New Yorkers and save the City millions in shelter costs.

The City and the State must stand together to protect our core values and guarantee that all our working families, homeless or otherwise, have a fair chance to get ahead. This Executive Budget includes many initiatives to do just that, and I encourage you to support them.

First, with looming threats of deportation, we should all stand behind the Governor's call to defend our immigrant friends and neighbors.

Second, we must make it easier for all New Yorkers to participate in our democratic process by curbing barriers to voting.

And third, let's expand access to higher education. I ask you all to pass the DREAM Act, so that thousands of undocumented students in New York can get the financial support they need to go to college.

The proposed Excelsior Scholarship is another important tool to help middle-class families afford higher education. College is a gateway to a lifetime of financial security, but not if students are left buried under mountains of debt on graduation day. The Legislature should accept the Governor's proposal and move to expand upon it. First, we should include part-time students, many of whom simply cannot afford to attend full-time. Right now, 80,000 CUNY students attend part-time, primarily because they need to work to support themselves and their families. Those students also deserve to benefit from this program.

I urge you to fully fund CUNY in the state budget. Since 2010, CUNY's cumulative shortfall in State funding is now over \$700 million. Let's open the gateway to a high-quality education for all our students.

I also strongly support the Governor's proposed expansion of the childcare tax credit. The average statewide cost of center-based infant care is more than \$14,000 per year and about \$12,000 for pre-k. Paying for child care for an infant and a 4-year-old is comparable to the cost of renting a \$2,000 per month apartment, and that is unrealistic for too many New Yorkers. I support the proposal to double the existing credit for families earning between \$50,000 and \$150,000.

Our students are our future, and I cannot emphasize enough the need for continued investment in our public schools and pre-k programs. That's why I support the extension of mayoral control and the Governor's further investments in community schools. And I hope you, the Legislature, will keep us moving in the right direction toward ensuring the quality education guaranteed by the Campaign for Fiscal Equity decision.

This Executive Budget also raises an important issue that my office has been focused on since I became comptroller. Since 2012, the City has failed to collect more than \$450 million in Medicaid reimbursements for supportive health services to our students. It's time for the City to fix this longstanding problem and bring these funds back into the classroom, with support from the State. But we need to set a realistic timetable to ensure our children do not miss out on funding for critical services, because the City fails to meet the State's target. Let's work cooperatively to improve the Department of Education's Medicaid reimbursement claiming, and stop leaving precious dollars on the table.

Together we can also lift roughly 15,000 New Yorkers out of poverty by allowing the City to triple its contribution to the Earned Income Tax Credit to 15 percent of the federal allocation. The EITC is the most effective anti-poverty program in America, and by tripling its input, the City could add more than \$200 million directly back into our businesses, our neighborhoods, and most importantly, our families.

This Executive Budget does include some provisions that I hope you will reject.

First, the appropriations bills contain language that would give the budget director unilateral authority to push the burden of federal aid cuts down the food chain onto local governments. I would urge you, the Legislature, to reject such an approach that would bypass this body, and do tremendous harm to cities and counties throughout the State. I would also ask you to reject cost shifts for foster care, public health, and special education that single out New York City.

Finally today, I urge you to not just extend the millionaire's tax this session, but to expand it. Let's be clear, this is not robbing Peter to pay Paul. I am not here today to tag on a tax for the rich just for the sake of it. The fact is, even with a tax increase at the state level, New York's millionaires will still stand to gain \$3 billion in annual savings from Trump's proposed tax plan, with an average increase in their after-tax income of more than 5 percent. Meanwhile, middle class taxpayers will get much smaller savings, and in many cases, could actually pay more than they do under current law. Raising the millionaire's tax to help address the impact of federal spending cuts is not just a matter of fairness – it will be a necessity.

In conclusion, I feel confident in this legislature's ability to advance a fair and balanced budget despite the challenges and uncertainties of new leadership in Washington. As federal leaders are poised to roll back progress of the last eight years, New York must continue to push forward without leaving any of our people behind. Let us, instead, work together – City, 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. I am happy to answer any questions.

