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NEW YORK CITY COUNCIL SPEAKER

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**Testimony of Hon. Corey Johnson
Speaker, of the New York City Council**

**Joint Hearing of the Senate Finance and Assembly Ways and Means Committees
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Good afternoon Chair Krueger, Chair Weinstein, and members of the Senate Finance and the Assembly Ways and Means Committees. I am Corey Johnson, Speaker of the New York City Council and I am happy to be here before these esteemed bodies to discuss the Governor's Executive Budget for State Fiscal Year 2019-2020.

I am thrilled to be testifying today in front of the *Democratic*-controlled Assembly and the *Democratic*-controlled Senate. This year marks a new era for New York State and the groundbreaking work that you have already done in six short weeks is a testament to the bright future that you are building for our State. You have been incredibly busy, and I'd like to express my strong support for a number of measures that have already been enacted, including:

- GENDA and the ban on conversion therapy;
- historic voting reform, though I still hope to see the passage of Senator Gianaris' bill to establish automatic voter registration, as well as the designation of Election Day as a holiday, and the switch from paper to electronic signature books;
- the Reproductive Health Act and the Comprehensive Contraception Coverage Act;
- the José Peralta DREAM Act; and
- the Child Victims Act.

I am confident that with your leadership, this year's budget will build off of this momentum. And, already with the release of the Executive Budget, there are many proposals that I fully support, such as the announcement of a Green New Deal; the three-year extension of Mayoral control of the City's schools; the elimination of the internet sales tax advantages to level the playing field for brick-and-mortar stores; and the actions on the personal income tax rates for the middle-class and high-income taxpayers.

I am also particularly excited about the potential for deep and systemic reform of our criminal justice system, including the elimination of cash bail, discovery reform, and speedy trial reform. I must also stress the importance of parole reform to the whole criminal justice system, and I'd really like to see the restoration of voting rights for incarcerated individuals and parolees as part of that package.

But, a recurring practice in the Governor's budget proposals is an attempt to seize control over the City's governance, decision-making, and budgeting, while at the same time foregoing the responsibility for funding those very choices that the State wants to impose. As a result, there are a number of proposals that I agree with in principle, but which I cannot support at this time.

The Governor's transportation proposals are prime examples. I fully support congestion pricing. However, I cannot support the proposal as set forth in the Executive Budget. All new revenue generated through congestion pricing must be dedicated to New York City's transportation system and our transportation-related priorities. The Governor's plan would use the City's roads and bridges to generate revenues which could then be used at the MTA's discretion, even to pay for projects outside of the City. The Governor's proposal would also give the State authority over the City's streets, while requiring the City to foot the bill for the necessary infrastructure. It would not make any accommodations for our outer borough residents through lower toll prices.

Further, the Governor's budget does not include any new funding for the MTA's transformative Fast Forward plan and would require the City to pay for half of all MTA capital funding shortfalls, after congestion pricing revenues are accounted for. The Governor wants all the control, but none of the responsibility. I ask the Legislature to respect the City's home rule authority and to work with us to establish a congestion pricing program that meets our needs.

Similarly, I fully support school zone speed cameras. They unquestionably save lives. That is why the City Council legislated a program last summer allowing for an unlimited number of cameras. The Governor's proposal would limit the City to 290 cameras. But, we have more than 2,600 schools! It would also divert the revenue from more than half of those cameras to the New York City Transit Authority. While I am in favor of additional funding for mass transit, I do not support the State's usurping of the City's ability to make its own spending decisions.

I also strongly agree in principle with the Executive Budget's proposal to legalize marijuana. It is high time that New York act to reduce the racially disparate impact of existing marijuana laws and end the practice of branding nonviolent New Yorkers as criminals. However, any legalization policy must explicitly benefit the communities that were most harmed by the war on drugs, particularly minority communities. This includes fostering small business development, encouraging job opportunities for those prejudiced by criminal convictions, expunging all marijuana possession convictions, and not allowing an opt-out provision for certain municipalities. Under the Governor's proposal, the only revenue the City would collect from marijuana is a two percent tax on sales, with the remainder of any taxing authority and revenues going to the State. Because of our unique regulatory challenge related to our population density, New York City should be granted more local control over implementation of legalization.

In addition to the Governor's proposals to undermine City authority, this budget hits directly at the City's finances. Collectively, the budget proposals would cost the City nearly \$600 million and strike directly at our City's social safety net.

While New York City is home to many within the one percent, we are also home to many of the State's and the country's neediest people and families. A staggering 1.52 million New Yorkers, 29 percent of whom are children, live below the poverty line. That it is why it is critical that the

State not reduce social service grants to the City and continue to fully fund our education budget. We understand that some of the proposed funding cuts are being repurposed to support funding shortfalls in other social programs, and we strongly urge the State not to rob Pamela to pay Pauline.

We especially need the Legislature's support in this effort because further cuts to our local aid are being threatened when the 30-day budget amendments are released reflecting the \$2.3 billion drop in personal income tax collections. I urge you to reject the proposal for across-the-board reductions in local aid, as you did last year, because such actions do away with the Legislature's autonomy to make value judgements.

I also urge you to ensure that the Enacted Budget contains at least \$40 million statewide, with at least \$20 million of that for the City, in funding to support a comprehensive census outreach effort. We must work together to get all New Yorkers counted so that we receive our fair share of federal funding for the next decade.

On the specific cuts outlined in the budget, the City is facing a loss of \$125 million for the Family Assistance portion of the Temporary Assistance for Needy Families block grant. These funds would instead go towards the Child Care Block Grant, and while we support additional funding for that grant, it should not be done at the expense of TANF.

The City is also facing a \$13 million cut for Persons In Need of Supervision preventive diversion services, and a State prohibition on foster care placement for PINS youth. The Council opposes both proposals because they threaten the safety of at-risk youth and their families.

Moreover, the savings from the PINS cut would be shifted to support Raise the Age in other jurisdictions. Raise the Age is a multi-agency, multi-year reorganization in the City with current year spending of about \$108 million, which is not supported by the State because we are not subject to the two percent property tax cap. I absolutely do not support extending the two percent property tax cap to New York City, but we are doing the Raise the Age work, and we should be eligible for the funding just like the rest of the State.

We are also seeking the restoration of several social services cuts, totaling \$112 million. This includes a \$62 million restoration to the Foster Care Block, \$20 million for the Child Welfare Services Grant, \$40 million for Close to Home. And, lastly, we reject this budget's proposal to reduce reimbursement for child welfare services from 65 to 62 percent.

The proposed school aid funding level is also inadequate. The Department of Education will see a \$202 million increase in Foundation Aid, but this is \$198.6 million short of City projections. We ask that you not only meet the City's budgeted need, but also finally make-good on the \$1.6 billion owed to the City from the Campaign for Fiscal Equity.

Even while short-changing the City on Foundation Aid, the Governor wants to dictate how that limited funding should be spent. Approximately 75 percent of the proposed increase in Foundation Aid would have to be allocated to schools according to overly simplistic and blunt

measures of equity and need. The DOE's "Fair Student Funding," is a more equitable formula that we should support, not subvert.

In regards to the higher education proposals, the proposed budget leaves CUNY with a Tuition Assistance Program gap of approximately \$72 million in its senior colleges, and holds the community college per-student State aid at \$2,847. We recommend a \$250 per student increase.

Housing is a human right. Yet, New York City is in the midst of the worst homelessness crisis since the Great Depression, with more than 61,000 people, including more than 23,000 children, sleeping in shelters each night. The City is in an affordability crisis where substantial pressure on the housing market and skyrocketing rents are causing housing instability and mass displacement.

It is absolutely crucial that the State support the City's housing efforts, including funding for NYCHA. NYCHA faces an overwhelming \$32 billion capital repair need, yet the Executive Budget does not include any additional capital funds to NYCHA. It instead merely re-appropriates \$450 million previously allocated, but not yet disbursed, to NYCHA. The \$450 million should be released immediately. The City has submitted plans detailing how the funding would be spent and the NYCHA tenants cannot wait another day to get the capital improvements that they deserve.

While it is not currently reflected in the budget, the State should adopt Assembly Member Hevesi's Home Stability Support bill, which would create a new statewide rent supplement for those eligible for public assistance benefits. And, I still see an opportunity for the City and State to enter into a comprehensive, joint supportive housing plan, beyond the Governor's existing supportive housing commitment.

The recent change in the State political landscape grants a critical window of opportunity to strengthen our rent laws and stem the tide of displacement. However, the State budget is not the place to do this. The Executive Budget proposes major rent regulation reforms, but rent legislation is complicated and deserves to be thoughtfully considered and debated as a standalone legislative package.

Additional critical components of the City's social safety net are our public hospitals and our public health initiatives. I strongly oppose the proposed reduction in State reimbursement for public health initiatives in the City from 36 to 20 percent. This unnecessary hit of \$59 million applies only to us and will undermine our efforts to improve physical and mental health.

We also continue to urge the State to address the problematic funding methodology for Medicaid Disproportionate Share Hospital payments and I am concerned that it is not reflected in the Executive Budget. The Indigent Care Pool funding structure must be better aligned to meet the needs of the City's safety net hospitals, Medicaid reimbursement rates must be adjusted, and federal funding must be optimized.

I started out today by talking about how the Executive Budget seeks to exert more control over the City, and I hope that I have successfully laid out the reasons why this would be detrimental to

the City's operations. I will now close with several suggestions of how the State could instead act to allow us to have more responsibility for our own finances and taxes.

It is imperative that the City be granted blanket design-build authority across all projects and all City agencies. This one is a no-brainer. Design-build could save the City billions of dollars and shave years off of capital projects. The City knows that the Governor and the Legislature understand the benefits of design-build – that is why you use it yourself!

Similarly, the Council urges the State to authorize a City Parks Construction Authority, similar to the School Construction Authority, to speed up the timeline for the delivery of park capital projects. We need more flexibility so we can do better.

The Council also proposes important changes relating to City tax revenues. For more than 30 years, New York City has practiced prudent fiscal management. Yet the City has remarkably little ability to manage its own taxes. At a minimum, the City should be given additional authority to raise and lower tax rates on broad, City-focused taxes, such as the personal income tax and the sales tax, by local law. And, we should also have greater authority over tax expenditures, especially those related to economic development. The Council has created an independent process to evaluate tax expenditures and we should have more authority to act based on what is learned in this oversight process. It is time to bring New York City's taxing authority home.

Let me conclude by again saying how excited I am about the possibilities that can now be achieved in Albany. I look forward to being your partner in government and continuing a constructive dialogue with each of you over the next few months throughout the budget process.

