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**Testimony of Hon. Melissa Mark-Viverito
Speaker, New York City Council**

**Joint Hearing of the Senate Finance and Assembly Ways and Means Committees
January 26, 2016**

Good afternoon Chairwoman Young and Chairman Farrell, and members of the Finance and Ways and Means Committees. I am Melissa Mark-Viverito and I am the Speaker of the New York City Council where I also represent East Harlem and the Bronx. I'm joined today by a number of my colleagues.

(Acknowledge Members present)

Governor Cuomo's Executive Budget for State Fiscal Year 2016-2017 is a budget that contains many things that are good for New York City and that the Council can support including an increase to the minimum wage, pass the DREAM Act and criminal justice reforms.

However, there are a number of proposals that are of concern to the Council, that we think may adversely impact New York City if not addressed. They include proposed reductions to CUNY, increased City costs for Medicaid, the reduction of STAR revenue, changes to private activity bonds, the lapse of 421a, inadequate funding for End the Epidemic and supportive housing, additional charter school costs to the City, a lack of funding for the NYCHA modernization-improvement program, and the need for additional funding for HHC.

It is a budget that is balanced, something the State has not always achieved. It is a budget in some ways emphasizes fighting inequality which is a crusade that the members of the New York City Council have been embarked on earnestly for the past two years.

I am proud to say that in 2015 New York City set an employment record of 4.2 million jobs which represents the fourth consecutive year with record employment. In the past four years, our City has added 404,000 jobs. We are proud of our success and we believe that the State has a big stake in us continuing to grow the local New York City economy. It provides jobs for people who live in our suburbs and it provides tax revenues from the State sales, business and income taxes, which benefits everyone in New York State.

Proud as we are, however, we are concerned that this prosperity has not been shared with all of our residents. From 2010 to 2014, the top 20 percent of the wealthiest City residents saw their real income rise by 11 percent, however, the poorest 20 percent of population saw income rise by only 1.7 percent. We are pleased that Governor Cuomo has presented a budget that seeks to address inequality in a fiscally responsible way. Initially, we had some concerns over some of the costs that the executive budget imposed upon New York City; however, the Governor indicated that he is willing to work with us on the CUNY and Medicaid program in a manner that will not fiscally harm the city. Yesterday, State Medicaid Director Jason Helgerson

suggested that the original Medicaid proposal is still possible, we look forward to having further dialogue with the Governor and the legislature to obtain clarity on how any changes will impact New York City.

CUNY

CUNY is important to the City and to the State as a whole.

All New York City residents are very proud of our CUNY system. It is a system that is near and dear to our hearts. CUNY institutions provide our residents with a world class education at an affordable price. Proper funding from the State is necessary for us continue to provide New Yorkers with a great education without accumulating massive student loan debt. We hope that the State can further increase the funding level at CUNY so it can continue meeting its objective by increasing the FTE base aid at our community colleges by \$250 per FTE for the next three years.

We also call for the State to renew the NYCUNY 2020 program for an additional five years which will enable both community and senior colleges within the system to establish predictable tuition increases of \$300 per year for the next five years.

CUNY will also be important if the State finally passes the DREAM Act. Passing the DREAM Act is more important than ever. While some presidential candidates are going around the country preaching xenophobia and intolerance, we here in New York have the ability to show the country that we believe in inclusiveness and tolerance. The DREAM Act will help many young people finally achieve their dream of a quality education. CUNY will be on top of their college lists. For this reason, we need the State to help us keep it affordable.

And now to Medicaid.

Medicaid

Originally, the Executive Budget's reinstitution of New York City's contribution toward financing growth in Medicaid expenses, effective October 1st, 2016. This proposal may cost New York City an estimated \$180 million next year and will increase in future years which will hurt our finances.

Now the reduction in STAR revenue.

STAR Revenue

We do have concerns with some items from the Executive Budget. Among our chief concerns is the Executive Budget proposal to seize \$600 million in New York City sales tax revenue over the next three years in response to a bond refinancing done by the Sales Tax Asset Receivable ("STAR") Corporation; losing STAR revenue will hurt our City's budget and cause us fiscal harm.

I want to highlight proposed changes to private activity bonds.

Private Activity Bonds

I am concerned that the Executive Budget proposes to change the laws governing the use of private activity bonds which are vital for New York City's program to construct affordable housing. The proposal would require New York City to obtain Empire State Development Corporation approval before the City could reallocate unused bond capacity from economic development to housing. In addition, projects financed with tax-exempt bonds by the City's Housing Development Corporation would require approval by the Public Authorities Control Board, effectively giving that board veto power over affordable housing projects. The State generally gives great latitude toward localities on local issues; this would circumvent the spirit of that philosophy.

The City has used its authority wisely. Over 49,000 units of affordable housing have been financed in New York City using tax-exempt private activity bonds from 2005-2013. There is no need to fix what is not broken.

And 421a.

421a Program

I am concerned by the lapse of 421a program. The City has an ambitious program for the construction and preservation of affordable housing. The 421a program was far from perfect but there is a need for 421a. The City needs a program that uses tax exemptions on market rate housing to help build affordable housing. We hope that the State revisits this important tax program.

Another concern is adequate funding for End the Epidemic.

End the Epidemic

The New York City Council stands behind the Governor's call to end the HIV/AIDS epidemic. As an institution, the New York City Council was one of the first legislative bodies to provide resources to the fight against HIV/AIDS in the 1980s and we stand prepared to work with the State to end the epidemic. We hope that the Governor and State Legislature consider committing more than \$200 million so that we can achieve our objective of ending HIV/AIDS in the state of New York.

The reaction to the Governor's supportive housing plan is overall positive.

Supportive Housing

We are very happy that Governor Cuomo is supportive toward helping to house the homeless. In a prosperous country such as ours, one homeless person is one too many. We fully support Governor Cuomo's \$20 billion comprehensive five year investment in affordable housing and housing opportunities and services for the homeless.

It is vital that we work closely with the Governor and the legislature to make sure that we succeed in our mission to end homelessness in the state of New York and will be reaching out to him on the ways we believe that we can achieve that objective.

On education, assuming charter costs will increase New York City's costs.

Education

I'd first like to thank you for your support of mayoral control in the past and we hope that it continues in the future. That continuity is important for New York City.

While the Executive Budget includes many positive actions, including the elimination of the Gap Elimination Adjustment (GEA) by the next school year, this budget includes substantial changes to pre-k and charter schools in New York City that could be very costly. The Executive Budget substantially increases the cost the Department of Education must assume for charter schools in New York City by unfreezing the charter school tuition rate for schools located in New York City which we are concerned will raise costs for the Department of Education.

The New York City Council supports the highest quality Pre-K programs but we have reservations with the Executive Budget's proposed new governance structure. The new governance structure would permit its appointed board to decide what programs get reimbursed and what rate. New York City currently has a good working relationship with the State Education Department on this matter; the creation of a new board creates unnecessary bureaucracy.

Now to NYCHA, an area I strongly continue to fight for.

NYCHA

The budget does not include any provisions for the NYCHA modernization-improvement program. Last year, the state allocated \$100 million for modernization and improvements; we hope that the State continues to provide NYCHA with state aid so that it can make necessary upgrades to its aging infrastructure.

Lastly, HHC

HHC

The Health and Hospital Corporations is in dire need of resources to continue to provide care to people within our most vulnerable communities. We hope that the State legislature considers providing HHC with greater flexibility for the reimbursement formula so that HHC can obtain more revenue.

The proposals in the Executive Budget that we are in full support of include Paid Family Leave, the increase in the minimum wage, proposed criminal justice reforms and the SNAP Income adjustment.

Paid Family Leave

The New York City Council is proud of our legislative achievements. One of those achievements is the Earned Sick Time Act that we passed. We are honored that the Governor included a state-wide plan for Paid Family Leave in his Executive Budget. New York City is a proof that it is possible to pass progressive, fair-minded legislation in such a way that it still grows the economy and is fiscally prudent.

Minimum Wage

The Council calls upon the State Legislature to adopt the Governor's proposal to raise the minimum wage to \$15 per hour. Raising the minimum wage to a real living wage will help us address inequality. We believe it is unfair for any person within our State that works full-time not be able to make ends meet because their wages are too low.

Criminal Justice Reforms

The New York City Council is proud that we were among the first governmental institutions in the country that called for reforming our criminal justice system. We fully support the Governor's call to raise the age for criminal responsibility, we also support his efforts to provide funding to re-entry initiatives and alternatives to incarceration programs, and efforts to reduce recidivism by expanding college education programs for incarcerated persons and providing transitional support to people that were formally incarcerated. These programs will pay dividends across our State because they will help reduce the prison population and as a result reduce costs statewide.

SNAP Income Test Adjustment

We fully support the Executive Budget proposal to raise the Gross Income Test level to 150 percent of poverty for all households with an earned income – which will extend the eligibility to an estimated 750,000 households currently not participating in the Supplemental Nutrition Assistance Program. This proposal will truly make a difference in the lives of many New Yorkers by helping to ensure that children are properly fed and is something that we should all support.

I thank you for your time and attention and look forward to our continued efforts on behalf of the people of New York City and State.