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**Testimony of Hon. Julissa Ferreras-Copeland
Chair, of the New York City Council Finance Committee**

**Joint Hearing of the Senate Finance and Assembly Ways and Means
Committees**

January 30, 2017

Good afternoon Chairwoman Young and Chairman Farrell, and members of the Finance and Ways and Means Committees. I will be testifying on behalf of the New York City Council and our Speaker Melissa Mark-Viverito. I am Julissa Ferreras-Copeland and I am the Chairwoman of the New York City Council's Finance Committee. I represent the 21st Council District which includes Elmhurst, East Elmhurst, Corona and Jackson Heights in the borough of Queens.

It is an honor to be in our state's capitol to discuss Governor Cuomo's Executive Budget for State Fiscal Year 2017-2018. I appear before you not only as an elected representative, but also as the daughter of immigrants who lives the American dream. I represent some of the most ethnically and racially diverse neighborhoods within the most diverse county in the world. My constituents, many of whom are immigrants, are hardworking and searching for the American dream just as my parents did.

It is my sincere hope that we as a state pass a budget that provides all New Yorkers with the opportunity to achieve the American dream. Let us remember that the American dream is the same for my constituents in Queens as it is for residents of the North Country, Erie County and all counties across our state. We are one New York.

This year's Executive Budget contains familiar proposals that the City Council strongly supports.

DREAM Act

The Budget again recommends the enactment of the DREAM Act to provide undocumented immigrants access to state financial aid for higher education. The Dream Act offers all New York students the same opportunity to pursue the American dream.

Now to the issue of Raising the Age for Criminal Liability.

Raise the Age

New York is one of only two states that prosecute teenagers as adults. The Governor proposes raising the age of juvenile jurisdiction from age 16 to 18, by January 2020. The budget also contains additional beneficial reforms, such as diversion, probation and programming services for 16 and 17-year-olds involved in the juvenile justice system. We urge the legislature to raise the age of criminal responsibility.

I want to express the New York City Council's support of extending the Personal Income Tax Top Bracket

Personal Income Tax Top Bracket

The budget extends the Personal Income Tax top bracket, otherwise known as the Millionaire's Tax for 3 years. This rate applies to taxpayers with taxable incomes over \$2.1 million. This action raises needed State revenue while shifting the tax burden to those best able to pay for it.

The Governor has also made new proposals that the Council commends.

SUNY/CUNY Free Tuition

The Budget permits New Yorkers with family incomes under \$100,000 to attend SUNY or CUNY tuition free beginning next school year. The income threshold increases to \$125,000 by School Year 2019-2020. We applaud this proposal and urge the legislature to consider enhancing financial aid available for expenses such as books, transportation and housing to the lowest income students.

Unemployment Insurance Benefit

A new proposal creates a partial unemployment insurance benefit which allows an employee to earn \$100 or 40% of their weekly benefits, whichever is greater, when a worker is partially unemployed.

While this year's executive budget excludes exceedingly problematic cost shifts like the ones we saw last year, there remain areas of serious concern:

School Aid

The New York City Council is pleased that the Governor proposes to again increase school aid including a \$428 million increase in Foundation Aid, and we support the Governor's calls to fund after school programs, community schools, pre-kindergarten and early college high schools. However, we again urge the legislature to fully fund the Campaign for Fiscal Equity (CFE) decision, and eliminate funding set asides proposed for Foundation Aid. Fully funding the CFE decision will provide our public schools the necessary resources to provide all students with a sound, basic education.

Charter School Cap

The Budget recommends removing the regional cap on charter school growth in New York City, enhancing the reimbursement for charter school facilities costs, and boosting the charter school per student payment rate. The significant funding increases proposed for charter schools will leave less of the proposed Foundation Aid increase available for district schools, making compliance with the CFE ruling critical. The Council has concerns with lifting the charter cap without a further increase in Foundation Aid and support for charter school facility costs.

Special Needs Children

Additionally, the Budget proposes to restructure funding for residential placements of children with special needs to require NYC to pay tuition costs associated with New York City Foster Care placements. While the State anticipates that this proposal impacts NYC by \$23 million, costs could exceed this amount as expenditures are dependent on the number of foster care placements and associated tuition costs. We oppose this proposed cost shift to the New York City school system.

Mayoral Control of Public Schools

Finally, the Executive Budget proposes to extend Mayoral control of City schools for three years. We fully support this proposal.

Medicaid

While most of the Budget continues existing policies with respect to Medicaid, such as adhering to the spending cap, there are two main programs that cause concern. In an effort to lower State and New York City Medicaid costs, the budget requires the City to improve the Medicaid claiming of School Supportive Health Services and to identify opportunities

to enhance Federal funding for SSHS. Should the plan fail to generate the required savings, DOH will have the authority to reduce Medicaid payments to the City by \$50 million.

We are also very concerned over the uncertainty at the federal level with the possible repeal of the Affordable Care Act and how that will impact the Medicaid program. Most concerning is whether the federal government will impose a block grant program for Medicaid. The New York City Council hopes that our partners in the State will continue to work with us to protect the people that utilize Medicaid in the event that the federal government repeals the Affordable Care Act to prevent any gaps in services.

General Public Health Work Program

This Budget also reduces the General Public Health Work Program reimbursement to New York City – which supports many public health services for vulnerable populations. It reduces the reimbursement rate for the non-emergency claims above the base grant from 36 to 29 percent, resulting in a loss of \$32.5 million that supports Ending the Epidemic, Nurse Family Partnership, Newborn Home Visiting Program and other essential services.

Few things are as important to the City Council as affordable housing. Here we have mixed feelings about the Budget's proposals.

Affordable New York Housing Program

The 2018 Executive Budget introduces the tax incentive program “Affordable New York Housing Program,” that replaces the tax break known as 421-a. I want to start off by saying we support the general goal of this program which is to develop affordable housing in mixed-income buildings.

We are still reviewing the proposal, however there are a couple of items that are of grave concern to the Council. The first of these is the complete elimination of the City Council authority to restrict or tighten eligibility of the program. This authority has long been part of 421-a, but the recent change completely cuts the Council out.

Related to this concern is the cost of this proposal. The 421-a program already represents an annual cost of \$1.2 billion – by far the most expensive tax expenditure in New York City's budget. With the changes contained in this proposal and those that were part of the 421-a renewal in 2015, that cost is expected to grow dramatically. It is worrisome to have such a large expense on our budget with no real control over it.

New York City does not shy away from committing significant resources to major priorities. However, we believe it is critical that we are as responsible and efficient with our spending as we can be. I think that this goal of fiscal responsibility is one that everyone here in Albany shares as well.

For the reasons mentioned above, we are greatly concerned about this proposal. It represents an extremely expensive program that is borne solely on the City's budget without a mechanism for the City to adjust or limit the program. As it currently stands, the Affordable New York Housing Program undermines the City's ability to be a good fiscal steward.

And now to housing for our seniors.

Senior Housing

The Budget also appropriates \$125 million for developing or rehabilitating affordable housing for low-income seniors. This is beneficial for NYC and aligns with the Mayor's affordable housing plan which will create 4,000 affordable housing units for seniors. However, it is unclear how much of this funding will trickle down to New York City and how many affordable housing units for seniors it will create. The State is investing \$20 billion in a comprehensive, five-year plan for affordable and homeless housing. This infrastructure plan is funded from multiple sources, out of which the private sector and local governments will account for 21 percent. It is unclear if and how much the City will have to contribute to this capital plan and what proportion of the affordable and supportive housing units will actually be in New York City.

Addressing design-build procurement.

Design-Build Procurement

In addition, the Governor's Budget Proposal expands the authorization for design-build procurement to include counties outside of New York City. Providing this powerful procurement tool to include the City of New York could help us streamline construction timelines and reduce costs.

In conclusion.

Conclusion

The Council continues its analysis of the Executive Budget and we look forward to reviewing the response of the Legislature to these proposals. We hope to continue a constructive dialogue with you over the next few months.