



**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
2019-2020 NEW YORK STATE
EXECUTIVE BUDGET

February 11, 2019

Thank you Chair Krueger, Chair Weinstein and members of the Committees and the Legislature for having me here today. I'm joined by Deputy Comptroller for Budget, Preston Niblack and Director of Intergovernmental Relations, Dylan Hewitt.

I am here today to advocate for a state budget that is equitable—one that addresses past harms and lays a foundation for a more just future. With a legislature eager to accomplish a progressive agenda, we finally have the chance to address the systemic, structural barriers that have too often excluded low-income families and communities of color from New York's wealth and opportunity.

We've seen incredible progress so far this year, with passage of the Reproductive Health Act, GENDA, the DREAM Act, and election reform. But now we must keep up the momentum, and consider further steps to dismantle outdated, exclusionary policies and promote those aimed at empowering historically disenfranchised New Yorkers.

First and foremost, New York City is experiencing an unprecedented crisis of affordable housing that is most severely impacting our lowest income residents.

My office recently found that the City's current housing plan aims to build only 31,500 units for the 400,000 city households in the greatest need—or less than 10 percent of what's required. Standing alongside partners and activists, we released a proposal to shift the remaining units of the City's plan to those at the lowest end of the income spectrum. To pay for those subsidies, we proposed a plan to eliminate the City's Mortgage Recording Tax and create a more graduated Real Property Transfer Tax. This progressive reform would raise funds to address our housing crisis while simultaneously reducing the cost of purchasing a home for middle-class families. I want to thank Senator Liz Krueger for her partnership in making this vision a reality for New Yorkers.

But this plan is one piece of the larger puzzle to increase affordability for working New Yorkers. We must prioritize rent regulations to protect low-income tenants across the five boroughs. The State must eliminate vacancy decontrol, end the eviction bonus and make preferential rents last the duration of tenancy for renters in New York City, to ensure this crisis does not worsen in the years to come.

I was pleased to see some important housing proposals in the Executive Budget. I want to thank Governor Cuomo for including our proposal to limit security deposits to one-month's rent in his state budget. New York City renters sunk approximately \$507 million into security deposits in 2016. This prohibitive cost can prevent struggling New Yorkers from moving to a more adequate apartment or force them to dig into needed savings.

I was also glad to see that the Governor has pledged to support our initiative to make rent payments count toward a renter's credit score. A low credit score, or not having one at all, forces consumers who are often low-income and people of color to pay more for credit cards, for car loans, and even utilities like gas and electric bills. On-time mortgage payments provide a step-up for homeowners. On-time rental payments should do the same.

So far my office has launched three pilot programs with Enterprise Community Partners, providing the opportunity for New Yorkers in 2,600 homes to opt in. And we are just getting started.

We also cannot forget about the 400,000 residents of NYCHA. These families—77 percent of whom are headed by women, 96 percent of whom are women of color—have endured inhumane conditions for far too long.

Now that the City has reached an agreement with the federal government, which includes zero dollars in new federal funding, it is critical that the State release the \$450 million appropriated to NYCHA that has not yet been spent. These funds will pick up the pace on desperately needed repairs and upgrades and they cannot continue to live in budgeting purgatory.

Shifting gears to another top priority for the City and State—we must fund the MTA's capital plan.

As we all know, devastating delays are impacting millions of New Yorkers every day. But I want to make something clear—this transportation crisis is disproportionately affecting the low income New Yorkers who are most in need of a functioning, full service system. Subway service decreases 80 percent overnight, when many service sector workers are going to and from their jobs. Our buses are the slowest in the nation and many routes are misaligned with the city's changing commuting patterns, leaving riders—77 percent people of color—late to work and appointments or stranded altogether. And as it stands, 1.4 million New Yorkers live in transit deserts in Eastern Queens and the Northern Bronx alone, all beyond the subway's reach. 82 percent of residents in those areas are people of color and 41 percent are foreign born.

We must see transit for what it is—an issue not just of access and opportunity, but of equity and justice.

We can start by allowing these New Yorkers to access Metro North and LIRR, which maintain 18 stations in neighborhoods without a subway stop and 41 stations throughout the city. And in-city fares should be no more than the cost of a Metrocard swipe.

As I've called for before, we must increase accessibility throughout our transit system. We must re-establish our commitment to expanding elevator service in our subway stations. The MTA's Fast Forward plan would make 50 more stations accessible in the next five years and all stations accessible by 2034. We must fully fund that plan to ensure the safety of all public transit riders.

First we must see congestion pricing happen this year. We need to take advantage of the only revenue option that will also curb traffic in Manhattan's commercial core to avoid further deterioration of our transit system. But before we ask residents to choose between driving and paying a charge, or spending hours commuting on multiple buses, we need a system that works for everyone.

However, the Triborough Bridge and Tunnel Authority should not be granted complete control over city streets and allowed to avoid standard permits and reviews. We can get this done without forcing the City to cede control over its infrastructure. I have also proposed a \$3.5 billion Transportation Bond Act that I still believe the State should consider.

I also urge you to act on life-saving speed cameras in school zones. Since 2014, speed cameras in the city have issued 4.6 million tickets and 80 percent of recipients never received a second ticket. As a parent to two young sons, I know the risks of navigating the busy streets of our city. As legislators, we must do everything in our power to ensure our streets are safe for our kids.

The proposal in the Executive Budget would limit the number of zones to 290, but there is no justification to create a cap. I urge you to pass an expansion of school speed zone and bus cameras and maintain the City's control over the revenue stream.

Next I want to turn to a potential adult-use cannabis program.

I am a strong supporter of legalization. Not only is cannabis an untapped revenue source for the City and the State, but the prosecution of marijuana-related offenses has proven costly, ineffective, and cruel—leaving especially deep and devastating impacts on Black and Hispanic communities.

This year we have an opportunity to turn the page on decades of failed policies and build up the very communities that criminalization tore down. I support the Governor's general framework, but we cannot permit counties and municipalities to opt out.

Also, as localities adjust to the legal sale and consumption of cannabis for adults, local governments should be able to collect new revenue to fund community needs. In New

York City, I have proposed that these new revenues be invested in the neighborhoods most harmed by criminalization, as well as in a robust cannabis equity program to direct capital and technical assistance to entrepreneurs of color. The State's existing sales tax exemption for drugs and medicines would maintain an exemption for medical marijuana, but the State should not provide a broader exemption.

We also have an opportunity to end cash bail once and for all, and enact speedy trial and discovery law reforms that will begin to heal the wounds of generations of criminal injustice.

For too long, we have maintained a justice system in which bail is an inconvenience for the wealthy and a sentence for the poor. It has to change—now. Last year my office found that nearly 33,000 people entered our jail system over the course of one year simply because they had not posted bail. Even for those who are able to eventually pay bail, roughly 70 percent spent some time in jail first.

Last year, New York City implemented the first phase of Raise the Age, but we have been effectively shut out of funding. Raise the Age cost the City \$113 million in FY 2019 and \$146 million in FY 2020. I am pleased to see new funding in the proposed State budget for Raise the Age, but all local governments, including New York City, should have access to those funds.

This session, let's also build on the passage of the DREAM Act and allow undocumented adults to obtain driver's licenses. My office found that in addition to raising significant revenue for the State, this change could benefit up to 525,000 adults in New York City alone. This is simply a win-win, a chance to pass a law that would directly and immediately open up new doors for those who have been left behind. Let's get it done.

We also have to fight to protect our immigrant communities from unwarranted deportation. I support legislation that would require ICE to obtain a warrant issued by a federal judge in order to detain a person in or in the vicinity of a courthouse.

I also urge you to support the Governor's proposal to reduce the maximum sentence for misdemeanors from one year to 364 days, to avoid deportation for immigrants who have been convicted of a charge punishable by a sentence of at least one year. The difference of one day can change a person's entire life.

Equally important, ahead of the 2020 Census, I strongly urge the State to appropriate adequate funding for a fair and accurate count.

On education, we should extend mayoral control for three years. But we need support from the State to continue to best serve our students. Foundation Aid is not perfect, but it ensures that New York City, and all other school districts, can fund a sound, basic education for all students, no matter their zip code. But Foundation Aid has never been fully funded.

This year, New York City's shortfall is \$1.2 billion and the proposed budget would add only \$200 million. Additionally, the new "Equity Plan" would mandate directing a certain amount of new funding to schools designated as "high-need" and "under-funded." While we can all agree that students with greater needs require more resources, and it's reasonable to debate exactly how much more they need, the State should not dictate how local school districts spend their funds.

We also need the Legislature to change the charter school tuition formula so as to not deplete our resources for district schools. Under the law, New York City will be forced to increase payments to charter schools, but, unlike prior changes to charter school tuition, state reimbursements will no longer cover the cost. Unless the State provides greater support, the City faces a nearly \$500 million hit to its budget in three years, and the shortfall will only increase in the future.

Next, New York State must press ahead with ethics reform when it comes to protecting and enhancing our democracy. Nine years after Citizens United, New York has a chance to lead the nation by implementing publicly financed elections.

New Yorkers delivered a powerful mandate last year: you can be an activist from the Bronx, a child raised in Brooklyn's public housing, a working mother of two young sons or a DREAMer from Queens and rise over the powerful elite to take your seat in these Chambers.

I implore the State Legislature to deliver on that promise and ensure that appropriate funding for successful implementation of these measures as well as early voting is included in this year's budget.

In regard to the Executive Budget's impact on New York City's finances, I urge you to reject the \$100 million cost shift for New York City alone, for public health and family assistance.

Last week the Governor and the State Comptroller announced a revenue shortfall of more than \$2 billion based on disappointing personal income tax collections in December and January. Like the State, New York City is also experiencing turbulence in its personal income tax collections.

But the solution cannot be to automatically pass along the State's pain to local governments. I urge you to be mindful of the critical City services that we will be hard-pressed to maintain if the State continues to shift costs and responsibility to the City.

In conclusion, I feel more confident than ever in this legislature's ability to advance a fair and equitable budget. I hope we can take advantage of these circumstances, with two chambers committed to making New York more affordable and livable for all our people, to center and lift up the communities in greatest need of our support.

Thank you again for the opportunity to testify.