



SPEAKER'S OFFICE
CITY HALL
NEW YORK, NY 10007

TELEPHONE
(212) 788-7210

NEW YORK CITY COUNCIL SPEAKER
COREY JOHNSON

PUBLIC ADVOCATE'S OFFICE
1 CENTRE STREET
15TH FLOOR NORTH
NEW YORK, NY 10007

TELEPHONE
(212) 669-7250

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

**Joint Hearing of the Senate Finance and Assembly Ways and Means Committees
February 10, 2020**

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 before these esteemed bodies to discuss the Executive Budget for State Fiscal Year 2020-2021 and its potential impact on New York City. I will attempt to keep my remarks today brief, and I hope that you will take the opportunity to review the additional materials that I submitted with my testimony as a fuller explanation of the Council's positions on housing, education, social services, Medicaid, environmental conservation, and property tax reform.

The \$178 billion Executive Budget includes many proposals that New York City and the City Council are excited to support including the legalization of marijuana, the reduction of business taxes for small businesses, and the environmental conservation proposals to combat climate change and reduce waste.

However, as we all know, the State faces a \$6.1 billion budget gap, with about \$2 billion of the shortfall generated by Medicaid spending. The Council has a deep concern that the Executive Budget continues the worrying trend of shifting costs to localities and adding unfunded mandates that add significant stress to the City's budget.

The Governor's proposal to close the \$2 billion Medicaid gap would be a twofold blow for the City. The first aspect of the plan would shift as much as \$1.1 billion in Medicaid costs to the City – on top of the \$5.3 billion local share that we already pay. Medicaid is a State run program. The State makes the rules about who is eligible, what services will be covered, and the level of reimbursement. As a locality, the City's only role is enroll the people who are eligible pursuant to the State's rules. Shifting additional costs to us as an incentive to have us rein in costs that we do not control is futile and unfair.

The second aspect of the plan could hit just as hard. Part two is to have a re-convened Medicaid Redesign Team find \$2.5 billion in savings in the next seven weeks. The City fully supports finding efficiencies within the program, and, in fact, we have proposed a few of our own. But, we are stunned that there is not a single Health + Hospitals or New York City government

representative on the panel. Since the panel was just convened, we are skeptical that the MRT will be able to find targeted, thoughtful savings in such a short timeframe. And, if they do not, the fallback is to impose a blunt remedy of across-the-board cuts to spending, similar to the one percent cut instituted in December. That cut, totaling roughly \$65 million, resulted in a hiring freeze for about 200 positions. Imagine what a cut of half a billion would require!

In the push to contain Medicaid spending, I also ask that you support appropriate services for chronically ill, unstably housed New Yorkers. The State should develop a medical respite program for medically homeless individuals and pass legislation to ensure nursing homes and hospitals perform adequate discharge housing planning and stop inappropriate discharges to City shelters.

In New York City, a staggering 1.42 million New Yorkers live below the poverty line and 28 percent of them are children. On a typical night, 80,000 New Yorkers sleep in a shelter and some 3,600 are on the streets. The City commits more than \$2 billion every year to responding to the homelessness crisis. Now is not the time for the State to undercut our efforts by reducing social service grants to the City. Therefore, I urge you to oppose the five percent cut to Temporary Assistance for Needy Families reimbursements, which would cost the City \$102 million over two City fiscal years. I also oppose the mandate that additional TANF Flexible Fund for Family Services money be spent on child welfare services, which will decrease State reimbursements to the City by \$21.3 million over two City fiscal years.

The Executive Budget does include some welcome investments in safety net supports. We support the Governor's proposal to double its funding for the Homeless Housing and Assistance Program to \$128 million. Moreover, the enhanced Empire State Child Tax Credit that could benefit almost 400,000 families and the automatic Earned Income Credit that would make sure that all eligible taxpayers receive the amount they are due without the completion of additional paperwork should both be adopted.

But, I am calling on our State partners to go further.

The State should create the Home Stability Support program, which I thank Chair Krueger and Assembly Member Hevesi for sponsoring. I also urge you to fully fund the Governor's Empire State Supportive Housing Initiative by committing support for the remaining 14,000 units of supportive housing statewide and to increase the rates paid to supportive housing providers. For Department of Health and Mental Health supportive housing units, the State funding has fallen short and a \$14 million State increase is required to bring rates for these units in line with other supportive housing programs. And, to further help renters, the budget should invest in tenant-centered enforcement in the State's Division of Housing Community and Renewal, so tenants no longer have to wait up to two years for the State to investigate rent overcharges.

Remarkably, the Executive Budget does nothing new for NYCHA and merely reappropriates \$450 million that should have been released to our public housing residents years ago. The City's capital investment in NYCHA is \$2.8 billion over a five-year period. I ask you to meet or exceed the City's commitment.

Turning to education, I strongly urge you to adopt a budget that allows the City's public schools to provide a sound basic education to every child. That means finally making good on the \$1.1 billion debt owed from the Campaign for Fiscal Equity decision. The proposed budget would leave City schools with fewer resources next year. Statewide schools aids grow by three percent, but the City would see only a two percent increase. The proposed consolidation of schools aids into Foundation Aid will reduce the State's contribution to vital education programs leaving fewer resources to support the City's 1,866 district public schools. Overall, the proposed budget would leave the City \$136 million short of its planned budget. Additionally, the mandate to increase charter school payments by five percent and to lift the charter school cap by allowing 17 charters to reopen would divert another \$150 million from our Foundation Aid allocation away from public district schools. I urge you to reconsider the proposed restructuring and funding levels to fully account for the needs of all the City's schools.

In regards to the higher education proposals, the proposed budget leaves CUNY with a Tuition Assistance Program gap of approximately \$79 million in its senior colleges, and holds the community college per-student State aid at \$2,847. We recommend a \$250 per student increase.

In addition, I am concerned about the proposed \$3 billion City contribution for the MTA's new capital plan, which is supposed to match the State's \$3 billion contribution. While this split may sound fair, it represents a reduction in the State's contribution to the last MTA capital plan from 24.1 percent of the total plan to 5.8 percent. And, I am hesitant for the City to commit to spending billions of dollars on a plan that was developed without the City's partnership and about which we have very little information. It is also unclear whether the any congestion pricing revenue will count towards the City's contribution, but given that it is being implemented on our streets and largely paid for by our residents, it certainly should. I will reiterate my position on the importance of rolling out congestion pricing properly because the revenue it could generate is what has allowed the capital plan to be so ambitious.

As you deliberate over the next two months to balance the State Budget, before cuts are imposed, I think it is important that revenue options be considered. In particular, I would point out that business taxes remain fully deductible on the Federal corporate and personal income taxes. I urge you to look at the types of firms that recently benefited from the Federal Tax Cut and Jobs Act where around 20 percent of their costs would be picked up by the federal government through deductibility.

I also seek your support in passing a commercial vacancy tax to help address the issue of vacant storefronts and to help retain the character of our City's unique and diverse neighborhoods.

Lastly, about two weeks ago, the New York City Advisory Commission on Property Tax Reform, convened jointly by myself and Mayor de Blasio, released its preliminary findings to improve the City's broken property tax system. The Commission plans to hold additional public hearings and release its final recommendations later this year. Albany holds the keys to overhauling the City's property taxes in its hands. Once the final recommendations are published, I hope to work with all of you to make the City's property taxes fairer, simpler, and more transparent.

I thank you for inviting me to Albany to testify before you today and I look forward to our continued, productive partnership to enact a State budget that supports the City of New York and every constituent who calls it home.