



**THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
SCOTT M. STRINGER**

**TESTIMONY OF NEW YORK CITY COMPTROLLER
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**RESPONSE TO THE PROPOSED
2021-2022 NEW YORK STATE
EXECUTIVE BUDGET**

February 11, 2021

Good afternoon, Chair Krueger, Chair Weinstein, and members of the Committees and the Legislature. Thank you for inviting me today to discuss the Executive Budget for Fiscal Year 2021-2022.

I testified on last year's Executive budget exactly a year and a day ago. Since then, it's no exaggeration to say that our world turned upside down.

Last year I started by noting that both New York City and New York State had enjoyed nine straight years of job growth.

Both the City and State had record low unemployment rates.

Only a couple of months later, those record low unemployment rates had become record highs.

New York City lost 900,000 jobs – wiping out nearly all the gains of those nine years of growth.

The job losses during the Pandemic Recession have fallen most heavily on lower-income New Yorkers and communities of color.

Unemployment rates in communities of color skyrocketed, with roughly one in four Black, Hispanic, and Asian workers out of work in the spring and summer.

Restaurants and hotels, retail and personal services, arts and entertainment saw the steepest losses. On average, workers in these sectors earn less than \$50,000 a year.

And overwhelmingly, those who have gotten sick and died during the pandemic have been from lower-income communities of color – the frontline workers who kept our city running during the darkest days of the pandemic.

Long-term disinvestment in these communities has led to gaping disparities that have left these New Yorkers underserved and overexposed on multiple fronts.

Our job now is to support the well-being and livelihoods of the New Yorkers who were hit hardest by this pandemic.

That, above all else, should be the metric for our budgetary decisions and actions this year.

In concrete terms, that means helping families who are struggling with basic needs, like paying the rent.

We must extend the moratorium on residential evictions until such time as our economy recovers and people are back to work.

We must cancel rent for the hundreds of thousands of New Yorkers who have fallen behind through no fault of their own.

According to the latest analysis, we need at least 2.2 billion dollars to make our families and their landlords whole for the rent, and remove the looming threat of eviction.

We should start with the small mom and pop landlords who are themselves struggling to keep their heads above water.

We can certainly use federal aid for this purpose, but where individuals may be ineligible for federal relief – because of income, or immigration status, for example – the state needs to step in with its own funds.

The bill introduced by Senator Salazar and Assembly Member Niou – the Housing Relief and Recovery for All Act – would accomplish these goals.

Another huge issue that families have struggled with during the pandemic is child care.

But it has been an issue since long before the pandemic.

And since long before the pandemic, I have been advocating for more funding for child care.

My plan, NYC Under 3, would enable 80,000 infants and toddlers to access affordable child care and allow 20,000 parents – mostly mothers – to enter or reenter the workforce.

And it would make the investments needed to build out capacity in child care deserts, and boost wages for child care workers.

Senators Jessica Ramos and Brad Hoylman along with Assembly Members Latrice Walker and Yuh-Line Niou, have introduced the *NYC Under 3* Act based on my proposal, and I urge you to support it.

We also need to support our immigrant communities. I urge you to extend unemployment benefits and other income relief to people who are currently ineligible due to immigration status.

And we must help our small businesses survive and recover.

Wall Street is doing great. In the last nine months, they've had profits of \$38 *billion* dollars – more than at any time since the bailout of banks in the Great Recession.

In the meantime, there are 30 percent fewer small businesses operating in New York City today than prior to the pandemic. Small business revenues are down by half. That's hundreds of thousands of jobs lost, and hundreds of millions of dollars in lost earnings.

And for many, the work of a lifetime, wiped out.

That's why it is so important that we help our restaurants and other small businesses with tax credits to help them rehire their workers.

We must ban evictions and foreclosures on small businesses.

Nor should small businesses and property owners suffer negative credit reporting due to financial hardships over which they had absolutely no control.

We also must help our nonprofit sector by restoring 100 percent of withheld state funding, immediately. These organizations were lifelines to New Yorkers in need during the pandemic.

No private company would continue to do business with the State if they weren't paid in full when they sent in the bill.

Nonprofits are driven by their missions to help people. Let's not take advantage of that fact. We cannot afford to lose them.

And finally, it means rebuilding our economy.

But we cannot just reopen the same economy we closed. We must build a fairer, more just economy, with benefits that are more widely shared, and that helps right the historic wrongs of the past.

So while I support legalizing marijuana for recreational use, we can do more to build up communities that have been devastated by decades of the criminalization of poverty and discriminatory enforcement of drug laws.

I urge you to pass the bill sponsored by Senator Krueger and Assembly Member Peoples-Stokes, the Marijuana Regulation and Taxation Act, to provide meaningful investments to begin to right those past wrongs.

Last week I released a blueprint for strengthening public safety in New York City – one that re-envision public safety through a public health lens, prioritizing harm reduction and seeking to reduce unnecessary interactions with law enforcement.

The Legislature can help realize this new vision by adopting parole reforms, ending criminal legal system debt, restricting semi-legal searches and seizures by the police, and codifying licensing standards for police officers and a process for debarring them where appropriate.

Although much more will need to be done at the local level, these changes are key elements of any real change in the relationship between police and our communities.

As our economy changes post-pandemic, we must help our workforce obtain the skills they need in order to thrive.

CUNY will play a central role in helping develop the workforce of the future.

That's why I support the New Deal for CUNY. It's simple: Make CUNY tuition free. Invest in our educators and staff so that students get the time and attention they need. Pay adjunct professors like the professionals they are.

And in the New York we will build for the future, housing that is truly affordable will be key.

I hope you will work with me and Assembly Member Linda Rosenthal and State Senator Myrie to repeal the 421-a developer giveaway, and help implement my proposal for truly universal affordable housing – housing that's affordable to the lowest-income New Yorkers and to the homeless, in every neighborhood of our City.

And I hope you will also join me in pushing for a renewed commitment to our public housing.

NYCHA's value to our city is immeasurable.

But its investment needs are measurable, and they are big. But we can't let the size of the need deter us from starting to tackle the problem.

The City, State, and federal governments together can make NYCHA into a source of civic pride and a national model.

We must also ensure we take on the climate crisis with everything we've got so we don't end up moving from one crisis to another.

I believe the Mother Nature Bond Act will enhance the resiliency of our region, and I hope that the legislature puts it on the ballot.

We cannot afford to go backwards on reducing emissions from New York City's biggest source of emissions – our buildings.

I oppose any proposal that would thwart Local Law 97's mission to reduce pollution and generate green jobs -- including enacting loopholes that would allow big buildings to buy their way out of the law's requirements.

We need Local Law 97 to be implemented as it was written.

As we look to the future and a return to normalcy, we must address both the immediate and the long-term needs of the MTA. The New York City region cannot recover without a fully functioning transit system.

That means more frequent off-peak subway, bus, and commuter rail service for essential workers and non-work trips.

That means lower in-city fares and more frequent all-day service on the LIRR and Metro-North to cultivate five borough ridership.

And that means transit-oriented development near lightly used subway and commuter rail stations to spur ridership and improve transit access.

Let me turn now to the impact of the Executive Budget on New York City.

Sound budgeting and fiscal management means looking not just at this year and next, but at longer-term sustainability.

We are all hopeful that long-overdue federal aid for state and local governments will be forthcoming soon.

But it's important to remember that this help will be temporary – and it should be used as such.

Yet the Executive Budget would use temporary federal COVID relief to offset permanent cuts in state aid to our schools. The proposed cuts would cost New York City's schools close to \$800 million in state funding each year in the future.

This year has been incredibly hard on our students and school staff. I urge you strongly to avoid another permanent, devastating funding cut to our schools.

The Executive Budget also proposes to continue the drip-by-drip shifting of other costs from the State to the City, including further cutting the public health reimbursement rate, and eliminating the state share of the federal Public Indigent Care Pool that supports our public hospitals.

The cumulative effect of prior State cost shifts and cuts will already cost us \$1.3 billion this coming year.

These new proposals would add another \$220 million to that burden.

We simply cannot keep pushing the problems down onto local government.

To stop this cycle, the State must have the resources it needs to meet the needs of its residents.

It's time to break the cycle.

It's time for us to Invest in Our New York.

This session you have a number of revenue proposals before you. In this time of crisis, New York's wealthiest must step up.

New York's billionaires saw their wealth explode by \$88 billion dollars since the beginning of the pandemic.

Wall Street ... has made \$38 billion dollars in profits in the last nine months.

Meanwhile, nearly half a million City residents are without jobs, ... over a million-and-a-half face hunger every day ... and hundreds of thousands live in fear of eviction or foreclosure.

This is not just about fairness. And this is not just about the current crisis. This is about rebuilding New York.

To do that, we must create a more progressive tax system, that raises taxes on the folks who have prospered during the pandemic, and on the companies that reaped huge profits from the Republican tax cuts of 2017.

I support the Invest in Our New York package, and I hope you will enact the bills that have been introduced to implement it.

You have the opportunity with this budget to help those who have suffered the most – not just during this pandemic, but for decades.

You have the opportunity to begin to build a better economy.

You have the opportunity to build a stronger future.

I stand ready to support you in whatever way my office is able to help make those opportunities real.

Thank you again for inviting me to testify.