



**Testimony of Marina Marcou-O'Malley
On Behalf of Alliance for Quality Education**

**Submitted to NYS Senate Finance & Assembly Ways & Means Committee Chairs
For February 14th, 2024 Joint Legislative Hearing on the Revenue Budget**

Dear Senate Finance Chair Krueger, Assembly Ways & Means Chair Weinstein, and members of the New York State Legislature:

My name is Marina Marcou-O'Malley and I am presenting this testimony on behalf of Alliance for Quality Education (AQE). I am the Co-Executive Director of AQE, a statewide coalition of community organizing groups, dedicated to organizing Black and brown parents to advocate for their children, their public schools and communities. The Fiscal Year 25 budget provides a critical opportunity to advance policies that will address New York's deep economic inequality and advance economic and racial justice - which is why we must increase taxes on New York's wealthiest people and most profitable companies, and make lasting investments in working-class people.

For thirty years, the Alliance for Quality Education has been fighting for a single goal: to get the state to honor its duty to all students, especially Black and brown students who are consistently underserved, by providing them with a well-funded system of public education. Yet, year after year we find ourselves fighting for the money our children need to succeed and competing with equally essential priorities such as housing, transportation, and protecting our environment, to name a few. The options presented by the Invest in Our New York coalition, of which AQE is a leading member, have the potential to transform *all* of our public systems. We all know that people do not live single issue lives, and that is why we are so invested in a holistic solution to the constant budget crisis this state faces. We don't want investments in schools to come at the expense of investments in hospitals, or affordable housing, or public transit. By implementing modest taxes on the ultra wealthy and corporations, which will not impact their bottom line and will not touch 95% of New Yorkers, we have the chance to fund all of these systems and ensure that all New Yorkers are taken care of. Taxes such as the capital gains tax, which is income the wealthy do not earn, but simply acquire through investments, could go to ensuring that students with disabilities have support in the classroom, child care educators can put food on the table, schools and public housing complexes can remove lead from the pipes and the water, and other essential needs that too many New Yorkers are trying to navigate. The following testimony illustrates some of the arguments we share in putting forward to pass these common sense bills.

An End to Stop-Gap Budgeting

The struggle for justice in our system of public education is inextricably linked to the need to raise more revenue. Due to loopholes in our tax system, and under-taxing those who earn the most (either through employment or through investments, inheritances and other sources), every fiscal year is an attempt to plug the holes in our budget. These are short term solutions that almost always come at the expense of working class and low income New Yorkers, as well as Black, brown, and immigrant New Yorkers. Not only is this not sound fiscal policy, it is wrong. By implementing a modest suite of taxes on those at the very top, we have the opportunity to move from stop gap budgeting, grant programs, and limited year funding to a place of sustainable, ongoing investment.

New York State's Economic Inequality

- **Closing the Racial Wealth Gap**

A [2023 report from the NYC Comptroller](#) looking at [statewide data](#) revealed the gulf between white and Black New Yorkers when it comes to wealth. Raising taxes on the ultra wealthy, the vast majority of whom are also white, would go a long way to closing this shameful gap. In the words of the NYC Comptroller, "A long legacy of institutional racism in the United States has helped white families build wealth while often preventing Black families from doing the same. This analysis shows that New York State and New York City are no exception to the legacy of these policies." A few of their findings:

- The median household net worth of white New Yorkers is \$276,900, which is nearly 15 times (or 1400 percent) greater than the median household net worth of Black New Yorkers of \$18,870.
- Differences in educational attainment do not fully account for the disparity in wealth. (In addition, given that our educational systems are not immune to discrimination and prejudice, outcomes in multiple categories may stem from the same root cause of racism). According to the NYC Comptroller, "the median white New Yorker with a high school degree still has a net worth over three times greater than the median Black New Yorker with a bachelor's degree."
- Twenty one percent of white New Yorkers live in households with a net worth of one million or more, compared to just 4 percent of Black New Yorkers.

- **Despite having one of the largest economies, New York State has a long history of underinvesting in state programs and services, which has disproportionately hurt working-class communities of color.**

- [According to a 2022 Institute on Taxation and Economic Policy report](#), New York State is home to the highest concentration of wealth in the country and the deepest economic inequality. New Yorkers worth over \$30 million (fewer than 0.4% of the population) collectively own \$6.7 trillion dollars in wealth.
- The top 1% of earners in New York make over 44 times the average income of the bottom 99%.

- **Rampant unaffordability is driving low-income families out of the state.**
 - According to a [December 2023 report](#) covered by the New York Times, the people who left New York at the highest rate in 2022 were families making between \$32,000 and \$65,000 a year. A disproportionate number of those movers were Black and Latine families.

- **While the state continues its recovery from COVID-19, its wealth gap widens - New York's millionaire class has grown, and the richest New Yorkers have grown richer. Meanwhile working-class people are saddled with rising costs for housing, healthcare, groceries, utilities and more.**
 - [Between 2020 and 2021, New York's millionaire class grew by over 10,000 people.](#)
 - New Yorkers earning between \$1 million and \$25 million saw their adjusted gross incomes rise by 21.3% from calendar year 2020 to 2021. Those making over \$25 million saw their incomes grow by over 80%.
 - Globally, billionaires are \$3.3 trillion richer than in 2020, and billionaire wealth has grown three times faster than the rate of inflation.

- **The theory of “Millionaire Migration” is a myth. Study after study has shown that increased taxes do not result in high-income earners leaving our state.**
 - [More than three-quarters of the highest income earners](#) (people making more than \$815,000 a year) who left the state during the pandemic moved to other high-tax states including Connecticut, New Jersey and California.
 - During her 2024 State of the State address, Governor Hochul acknowledged that increased taxes have not resulted in more outmigration.¹
 - Following tax increases on ultra-wealthy New Yorkers in 2017 and 2021, the state did not see increased outmigration of wealthy New Yorkers.

Addressing Affordability and Inequality

- **The Invest in Our NY package will generate consistent public dollars, allowing long-term budgeting and deep, sustainable investments in essential programs and services.**

- **Taxing the rich and investing in communities can drive down unaffordability and address the wealth gap. This must include support for the child care workforce, who undergird our economy by enabling parents to go to work.**

Despite the widely understood importance of early childhood education, the child care workforce makes less than 97% of all other professions. These educators live in poverty and often leave for jobs in fast food or retail, where the pay is slightly higher. Investing

¹ On January 9th, 2024 during her State of the State address Governor Hochul said: “For 50 years, we’ve been hemorrhaging families who can no longer afford to raise their children in the same communities where they were born. This decline shows no sign of stopping. People aren’t moving for warmer weather or lower taxes. They’re moving next door.”

directly in the child care workforce with revenue from the ultra wealthy would not only transform the lives of the more than seventeen thousand educators, but would also enable thousands of families and parents to go back to work themselves.

- The majority of child care educators are Black and brown women. Low wages keep these caring educators and their families in poverty despite the importance of the work they do and the skill it takes to do it. Underinvestment in the child care workforce is one reason that the racial wealth gap in New York State is so stark, and larger than the national average.
 - **NYS lost approximately \$9.8 billion last year in productivity costs because of lack of childcare options for families.** The fact we could solve a loss of nearly ten billion dollars a year by investing a fraction of that money - which wealth taxes could easily raise in year 1 - is staggering and confounding. Our refusal to raise taxes on the ultra wealthy is actually costing the state billions of dollars.
 - Investing in child care actually reaps enormous monetary benefits. For every \$1 invested, the return is anywhere from \$7-\$13, a rate of return that is far higher than the average Wall Street investment, and certainly more profitable than the investments in large stadiums, for example.
- **Alliance for Quality Education fully supports the [Invest in Our New York package](#) which, if passed, would raise tens of billions of dollars** through a combination of personal income tax increases on the top 5% of earners, corporate tax reforms targeting the most profitable corporations (fewer than the top 1%), and addressing loopholes that allow millionaires and billionaires to shield their wealth from their tax liability. The Invest in Our New York package includes the following proposals:
 - The Progressive Income Tax Bill ([S2059-Jackson/A3115-Meeks](#)) would raise over \$21 billion annually by creating new brackets to the state's personal income tax. The bill would raise taxes on individuals earning over \$450,000 a year as single filers and \$500,000 as joint filers. This bill would only impact our state's top 5% of income earners.
 - The Capital Gains Bill ([S2162-Rivera/A2576-Kim](#)) would raise over \$12 billion annually by creating a surcharge tax on income generated by buying and selling stocks. The tax would only apply to people who earn over \$400,000 as single filers and \$500,000 as joint filers. Currently, people who earn their income through the buying and selling of stocks have a federal tax benefit (of up to 17%) which means they pay far fewer taxes than people who earn their income through hourly wages or other ordinary income. This bill would only raise taxes on less than 1% of New Yorkers. In the last few years, both Washington State and Minnesota have passed capital gains taxes.
 - Corporate Tax Reforms ([S1980-Hoylman/A3690-Kelles, Shrestha](#)) would raise over \$7 billion annually by raising the corporate tax rates on corporations that

make over \$2.5 million in profits in New York and creating additional progressive brackets for corporations earning over \$10 million in profit annually, and \$20 million in profit annually. These Corporate Tax Reforms would apply to every corporation that does business in New York - not just those headquartered in the state. The changes in the bill would not kick in until corporate profits exceed \$2.5 million and not impact small businesses. Eighty percent of corporations in New York make less than \$15,000 in profits annually and pay less than \$1,000 in corporate taxes every year. As of 2020, fewer than 0.14% of corporations reached \$1 million in profits. We can raise taxes on the wealthiest corporations and remain competitive: New York currently has the 2nd lowest tax rate amongst the 12th northeastern states and our current corporate tax rates are lower than they were in 1990.

- The Heirs Tax ([S2782-Brisport/A3193-Solages](#)) would raise \$4 billion annually by replacing New York's existing estate tax by creating a tax that treats inherited income over \$250,000 as taxable income. The creation of this tax would impact less than 1% of inheritances - and those above \$250,000 would only be taxed at a low rate of 2.5%. The rate would increase for inheritances over \$1,000,000, which are almost entirely received by already wealthy individuals.
- The Billionaires Tax ([S1570-Ramos/A3252-Kelles](#)) would raise over \$20 billion in its first year and \$1.5 billion annually thereafter by creating a tax that targets the rising value of stocks and investment portfolios. This proposal creates a yearly tax on assets that have accumulated value, requiring billionaires to pay income tax rates on their investment gains. New York already has a system for assessing and taxing the increased value of items in the form of a property tax.

Public Support for Taxing the Ultra-Wealthy

In an election year, it is well worth noting the enormous support for these proposals. Recent polling data shows that voters across the state and across party are in favor of taxing the ultra wealthy and corporations. This is a chance for lawmakers to drive money to their districts and transform the communities we all live in.

- [According to a December 2023 commissioned Siena College Research Institute \(SCRI\) poll](#), there is broad and consistent public support across New York to raise taxes on large, profitable corporations and the highest 5% of earners to fund public programs and services like affordable housing, universal childcare, and public transportation.
 - 74% of New Yorkers agree that lawmakers should increase taxes on the highest-earning individuals, highly profitable corporations, and the wealthiest New Yorkers in order to fund public programs and services.
 - 73% of New Yorkers agree that in order to address any budget shortfall, the state should increase taxes on the highest-earning individuals and profitable corporations rather than cut services.

Investments in Public Good Reap Rewards for Our Entire Society

While Governor Hochul proposes expanding criminal codes, we know that the safe communities are well-resourced, not overpoliced. Investing in education, housing, and mental health treatment prevents crime. If public safety is truly a priority, the State should start by investing in peoples' basic needs, to enable them to thrive.

Investing in education, housing, mental health treatment, and substance use treatment has been shown to prevent crime by providing people with the tools they need to thrive. For example:

- Justice-involved supportive housing has been shown [to reduce jail admissions](#) by 38%, shelter admissions by 90%, and days in psychiatric facilities by 55%.
- In 2018, job program participants from cities in New York, including Rochester, were [48% more likely](#) than non-participants to have steady jobs and 19% less likely to be rearrested.

By choosing to pass these wealth taxes, we can build safer communities, ensure affordable education and child care, and bridge the ever growing racial wealth gap, all the while passing policies that over 70% of New Yorkers support. We hope you support these transformative measures for the future of all New Yorkers.

Thank you for your time and consideration.