

TESTIMONY

Christine C. Quinn, Speaker New York City Council On the Fiscal Year 2010 – 2011 Executive Budget

Good afternoon, Chairman Farrell, Chairman Kruger, and members of the Ways and Means and Finance Committees.

I am joined this year by my colleagues Domenic M. Recchia, Jr., of Brooklyn, the new chair of the Council's Finance Committee, and Helen Diane Foster, from the Bronx, the new chair of the Council's State and Federal Legislation Committee.

We recognize the difficulty and the urgency of the task ahead of you as you consider the State budget for fiscal year 2010-2011. As you consider and debate the Governor's proposals, the City Council asks two things of you:

The first is to not balance the State budget disproportionately on NYC. We understand that putting the State's finances on the right track for the long-term good of all New Yorkers will require sacrifice by everyone. And we are prepared to bear our fair share – but no more than our fair share. Unfortunately, the Executive Budget contains more than the City's fair share of cuts, and hits the City in some particularly unfair ways.

The second is that we ask that you listen to our concerns and suggestions over the coming weeks. Last year the Legislature listened to the City Council's concerns with attention and respect, and we felt the outcome was a State budget that was generally fair to the City. We are deeply grateful for that, and we will endeavor to be at least as respectful and constructive in our input again this year – and we hope that the outcome will be at least as fair.

I will touch on a few specific items today that are of particular concern to us. Let me start with two that we feel hit New York City particularly unfairly.

One proposal that will hit New York City's budget especially hard this year is the elimination of not just one, but essentially two year's worth of revenue-sharing in a single City fiscal year. While it is true that New York City is not as reliant on AIM as other cities, \$680 million, even in New York City's budget, is still a tremendous hole – the equivalent of 8,500 City jobs. In

addition, the Executive budget would permanently eliminate a critical City revenue stream, based on temporary economic circumstances.

Another proposal that we feel unfairly impacts the City is the failure to fully restore funding for reduced-fare student MetroCards on City subways and buses. Hundreds of thousands of families rely on student MetroCards every day in the City. Many will simply not be able to afford to shell out the extra \$89 at the beginning of each month that would be required for a family with two kids in school. I have vigorously opposed the MTA's proposal to begin eliminating reduced student fares – and I have also said that the City's contribution is something I am open to discussing. But I cannot and will not do so until the State is also willing to honor its commitment to match the City's contribution.

Let me raise a couple of other areas of concern to us in the Executive Budget.

The first concerns the Governor's proposal to allow CUNY and SUNY schools to set their own tuition rates. This is a serious proposal that deserves consideration. I am concerned, however, that it may ultimately weaken public funding for these critical institutions of higher learning. Moreover, the proposal comes in conjunction with \$37 million in cuts in base aid to CUNY's community colleges, and 20 percent reductions in Tuition Assistance Program (TAP) awards. The CUNY community colleges are bursting at the seams with new enrollment, which is expected to rise by another 8,000 students next year. Together these proposals compromise CUNY's historical mission as the gateway to a better future for all New Yorkers.

A number of proposed cuts and savings in health care, human services, and other areas are also problematic and short-sighted. Let me flag a few in particular:

The establishment of new Early Intervention Parental Fees, ranging from \$45 up to as much as \$540, would discourage many low- and moderate-income families from taking advantage of critical EI services. We have worked very hard in the City Council to educate parents on the importance of early intervention, and have provided funding for testing. Fees that discourage early testing and intervention will only result in more and larger costs later on.

The discontinuation of TANF funding for the Summer Youth Employment Program (SYEP) strikes a major blow at a highly successful program. The expansion of SYEP this year with federal ARRA funding was welcome, but still did not keep pace with the growing number of

applications, which reached a record of almost 140,000 last summer. At a time when teen unemployment is over 40% in New York City, we must find a way to fund this critical program.

The proposal to cap funding for indigent defense in New York City at \$40 million annually — \$6 million below last year's level — unfairly limits funding to the City. Moreover, it runs directly counter to last year's law setting caseload caps for indigent defense, which is critical to ensuring that poor New Yorkers receive the equal treatment under the law to which they are constitutionally entitled. Last year the Council provided \$11.3 million in funding for criminal legal defense as a bridge until the caseload cap law took effect. As we said repeatedly last year, this is not a level of effort we will be able to sustain. We will also be looking closely at the proposal to replace current aid formulas and maintenance of effort requirements with a new grant program to ensure that New York City will be treated fairly.

Finally, I want to mention our particular concern about New York City's public hospitals. We are still studying the impact of the Executive Budget on HHC, but we are very concerned about their continued ability to serve NYC's uninsured. We'd like to come back and have further discussions with you about this, taking into account the larger context of health reform and the budget. This is obviously a complex area, and we want to make sure that we don't inadvertently do something that would compromise HHC's core mission.

There are a number of provisions in the Executive Budget for which we urge your support, including proposed investments in alternatives to incarceration programs; and protecting payments to human services providers.

We are also pleased to see proposals for a Small Business Revolving Loan Fund targeted in particular at M/WBE businesses, and the New Technology Seed Fund to help researchers develop marketable products. This is an area that we have identified as critical to re-building the City's economy. Last year I proposed and with your help we enacted a Biotechnology Tax Credit for the City, modeled on the successful State credit, and this year I will again be making proposals aimed both at supporting small businesses, and at encouraging the growth of high value-added growth sector businesses and jobs in the City.

Finally: the Governor has included a provision in the Article VII Revenue bill that would allow same-sex partners legally married in other jurisdictions to file their personal income taxes jointly, treating same-sex marriages — at least for tax purposes — the same as other married couples.

As you may have heard, I was and am a strong supporter of gay marriage as a fundamental matter of equal rights for LGBT people, and I urge your support of this measure. Let us at least take this step in the direction of justice and equality for all New Yorkers.

I want to conclude today by again emphasizing the urgency of setting the State's fiscal house in order. Getting the State budget on the path to long-term balance is critical to the future economic health of all parts of the State. Without real solutions, it is going to be increasingly difficult to get companies to invest in NY and families to live in NY. We do not underestimate the difficulty of the task ahead of you — but we cannot overstate its importance.

Together the Mayor and the City Council have managed the City's finances prudently in both good times and bad – restraining spending growth during the boom years, and making the painful choices during the lean years. We should not be punished for our good management by budgetary choices that permanently alter State/City fiscal relations to our detriment. Any changes must be made in a way that treats the City fairly, recognizing its unique role in the State economy, and that reflects the needs and priorities of all City residents. On both these measures, the Executive Budget falls far short. We look forward to working with you over the coming weeks to craft a fair State budget for the coming year.

Thank you, and we would be happy to answer any questions you may have.