



COMMUNIQUE

STATE STARTS DECADE \$6.1 BILLION IN THE RED

COVID-19 ESCALATES THAT TO \$10-\$15 BILLION & GROWING

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By Marci Rosenblum

Communications Director

Being in debt was not a new phenomenon for New York State. Being \$10 BILLION-\$15 BILLION — and counting — was. The question state legislators grappled with as they headed into the final days leading up to the new fiscal year was not whether the COVID-19 pandemic would impact the state budget, but rather just how much of an impact it was going to have.

The state began 2020 with a \$6.1 billion budget shortfall, largely due to a \$4 billion increase in Medicaid costs. That number grew with the onset of the coronavirus and escalated just as quickly as the plague itself.

On April 3, just two days past deadline, the impact of the pandemic came to light when lawmakers approved the Governor’s \$177 billion budget for fiscal year 2021. The state is expecting at least \$10 billion less in tax revenue, with some estimating the shortfall to be around \$15 billion. Either way, the gap is one that officials are reportedly hoping to bridge with federal aid, short-term loans, and cuts, the latter of which is the most worrisome to labor.

Statewide, restaurants, nail salons, bars, casinos, theaters, gyms, retail stores, and basically everything that brings in revenue to the state have been shuttered for weeks. By the time this pandemic comes to an end, those weeks will have turned into months. Not only are businesses losing money, but employees have been laid off and are not spending money.

“The impact of this pandemic is going to be felt for quite some time, but that does not mean that the brunt of this economic burden can be placed on the shoulders of the hardworking men and women already counting on two incomes to support their families,” said Local 1180 President Gloria Middleton. “There are plenty of other ways to balance a budget, like increasing taxes on the multitude of millionaires and billionaires we have residing here.”

In fact, CWA and other labor unions spent months earlier this year pushing an agenda that included closing the budget gap with a BILLIONAIRE’S WEALTH TAX that would have imposed a 2% tax on wealth — stocks,

bonds, mansions — for New York State’s 112 billionaires holding a combined total of \$525 billion; an ULTRAMILLIONAIRE’S TAX that would have implemented an increase for the top 1% — 56,000 NYS millionaires — with additional bracket increases at \$5 million, \$10 million, and \$100 million in annual income; and a PIED-A-TERRE TAX on luxury second homes in Manhattan that the wealthy don’t even live in.

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Unfortunately, the state legislature did not agree. In the end, legislators refused to implement any new taxes on the ultrarich. They did, however, give the governor a one-year window to unilaterally cut spending if warranted in recognition that the state’s financial outlook may worsen.

Middleton said that in light of the state’s bleak economic outlook, it’s unfortunate that legislators refused to look at a revenue stream that could have easily closed the gap without burdening anyone.

It is estimated that mandating the ultrawealthy to pay their fair share in taxes would have generated more than \$12 billion in revenue for the state — money that could have been used to fully fund critical state services. In a poll taken by labor earlier this year of 1,000 registered New York voters, 92% of New Yorkers supported new taxes on the super-rich. That support even cut across all regions of the state and all party lines, with 95% of Democrats, 87% of Republicans and 89% of unaffiliated voters backing the tax proposals. Furthermore, 64% of voters polled said that implementing these new taxes on the super-rich would have a good impact on New York’s economy, and 72% said they would be more likely to vote for a candidate who favored passing new taxes on ultra millionaires.

“We need common-sense solutions to the staggering wealth inequality that continues to widen, making it virtually impossible for the average family to live and work in New York,” Middleton said. “Using the middle-

class repeatedly as answer to the state's fiscal woes is just not going to cut it any more. Our legislative leaders need to come up with something more innovative. Just like our lives won't go on as usual after this pandemic is over, neither can the way business is done in Albany. It's time to try something new, like proportionately taxing those who make the most."

Earlier this year, State Comptroller Thomas DiNapoli issued a report claiming the state's revenues were "plunging, along with the stock market, and that spells a difficult time ahead for the New York budget," thanks to the coronavirus pandemic. Another contributing factor to the state's lack of revenue is that the federal government has moved the tax filing deadline from April 15 to July 15, which will postpone anticipated revenues.

As a means of combatting these revenue losses, lawmakers had discussed allocating less funding for public schools, an option that unions agreed was unacceptable. In the end, draconian cuts to school aid were averted, in part thanks to additional money from the federal government's stimulus package.

As for the highly controversial Medicaid debate, the Governor's proposed solution was to appoint a Medicaid Redesign Team (MRT) to hammer out the details of finding \$2.5 billion in savings. In the end, however, he was not able to change the share of costs that localities would have to pay — but he did get lawmakers to approve proposals to tighten eligibility rules for managed long-term care programs that help the elderly and disabled. The State also wants to make New York City and other localities contribute hundreds of millions to help ailing hospitals and nursing homes. These types of structural changes to reduce billions in spending on the state's growing Medicaid program that the governor blamed for helping create the initial \$6 billion deficit were tops on his legislative agenda for the year from the outset.

Middleton said that it appears that the CUNY School of Labor and Urban Studies was spared from any budgetary cuts. "Although we don't expect to get the increase we wanted, we should be able to continue to provide vital educational programs to our members and those from other union so they can continue to enhance their academic skills and advance their career paths," she said.

WHAT'S INCLUDED IN THE BUDGET

New York Hate Crime Anti-Terrorism Act: Establishes a "domestic act of terrorism motivated by hate" crime as a new A-1 class felony punishable by up to life in prison without parole.

Closes the Out-of-State Gun Loophole: Prohibits individuals from obtaining a gun license who commit serious offenses out-of-state that would disqualify them from obtaining a gun license if committed in New York.

Housing and Services for People who are Homeless, Including Those with Mental Illness: An aggressive strategy and additional support to provide housing and services to these vulnerable populations.

Comprehensive Tobacco Control Policy: Prohibits the sale of tobacco products, including e-cigarettes, in all pharmacies; restricts the delivery of e-liquid products only to NYS-licensed vapor retailers; restricts the public display of tobacco and vapor products near schools; bans coupons and manufacturer discounts and displays in shops; and increases penalties for illegally selling tobacco products to minors.

Prescription Drugs: Lowers prescription drug costs for all New Yorkers. Caps insulin co-payments at \$100 per month for insured patients to help address the rising cost of insulin that has resulted in diabetes patients rationing, skipping doses and not filling prescriptions.

Restore Mother Nature Bond Act: Creates a \$3 Billion Bond Act to fund critical environmental restoration and climate mitigation projects to ensure New York is able to adapt to the intensifying impacts of climate change, and reduce emissions, while creating jobs and local economic development.

Continuing Middle Class Tax Cuts: Continues to lower Personal Income Tax rates for middle-class New Yorkers. Income tax rates will continue to drop to 5.5 percent for taxpayers in the \$27,900-\$161,550 tax bracket and 6 percent in the \$161,550-\$323,200 bracket.

Banning the "Pink Tax": Require certain service providers to provide price lists for standard services upon request and notice that gender-based price discrimination is prohibited under state law.

Veteran and Law Enforcement Suicides: Invests \$1 million to partner with organizations to help veterans, law enforcement and first responders with suicide prevention efforts. The Budget also directs state agencies to expand suicide prevention strategies for veterans, law enforcement, correctional officers and first responders.

Comprehensive E-Bike and E-Scooter Legislation: Legalize and expand the e-bike and e-scooter network without compromising on public safety.

Transferring Pier 76 Tow Pound to Hudson River Park for Reuse: Transfer of Pier 76 from its use as a tow pound for the NYPD to the operational control of the Hudson River Park Trust to integrate into the park complex, maximizing green space, recreation and community access and market potential.

Banning high-risk sexual offenders from accessing the MTA subway, bus and rail systems: Prohibit individuals who engage in unlawful sexual conduct against an MTA passenger or employee or a crime involving assault against an MTA employee from using MTA transportation services for up to three years, or as long as on probation, if less.

Removing Guns from Domestic Abusers: Authorizes law enforcement to remove guns from the scene of a domestic violence incident and to seize weapons from the home of an individual who becomes subject to a protective order arising out of a domestic dispute.

Expanding College Student Enrollment in Supplemental Nutrition Assistance Program (SNAP) Benefits: Establish policy to make more community college students eligible for essential SNAP benefits by establishing a state policy that community college students engaged at least half-time in career and technical education courses of study are exempt from the requirement to work 20 hours weekly to qualify for SNAP.

Prevailing Wage: Requires that workers on private projects receiving a significant public subsidy will be paid a prevailing wage. ■