

## 2009 CITY BUDGET & LEGISLATIVE PRIORITIES

### Issue Backgrounder: REVENUE SHARING

***SUPPORT FAIR REVENUE PROPOSALS AND USE STIMULUS FUNDING TO PROVIDE ESSENTIAL SERVICES AND TRAINING FOR IMMIGRANT WORKERS***

The economic downturn has affected every community in our state with uncertainty, unemployment, and cuts in critical services; immigrants, like all New Yorkers, are suffering. .

New York City faces a severe budget crisis and a \$4 billion deficit for fiscal year 2010. At the same time, many of the city's families are losing jobs, losing health insurance coverage, and facing hunger. New Yorkers need help to get through this troubled period, and the city has the chance to use federal stimulus and economic recovery funding to provide services, training and supports that workers and their families need. Mayor Bloomberg's FY 2010 Preliminary Budget needs to be amended in order to protect and expand services for low-income, underserved New Yorkers.

The New York Immigration Coalition and our allies fought for the federal "economic stimulus" package that will provide \$3.4 billion in aid to New York City. The city must now choose to spend wisely to help those in greatest need, rather than simply spending on pet projects and extending tax breaks to wealthy corporations and individuals. In addition, the city should require the wealthiest individuals to pay their fair share of taxes.

We urge Mayor Bloomberg to champion progressive revenue policy, and increase personal income taxes for New York City's highest earners in order to help close the City budget deficit without cutting essential services for the city's most vulnerable residents. The Mayor showed leadership in raising personal income taxes in the economic aftermath of September 11<sup>th</sup>, and must do so again now. According to Joseph Stiglitz, 2001 recipient of the Nobel Prize in Economics and Chairman of Governor Paterson's Council of Economic Advisors, "reductions in government spending on goods and services...are likely to be more damaging to the economy in the short run than tax increases focused on higher income families."

While the period we now are living through poses great challenges, it also poses real opportunity. With fiscal stimulus funds, the city should not only provide the supports necessary for New Yorkers to weather the crisis and meet immediate needs; it also should make the investments needed for a 21<sup>st</sup> century workforce development initiative: one that helps build a labor force that has the skills and training to move into jobs as the economy expands, jobs that provide a living wage and a better quality of life for all New Yorkers.

Given that immigrant workers are woven into the city's fabric, are a large proportion of the current and future labor force, and have long served as a driving force in the city's economy, the city should use stimulus funds specifically to address workers' needs and leverage to the fullest their capacity to participate in and help rebuild the city's economy.

### **RECOMMENDATIONS**

***Use Stimulus Funding to Protect Low-Income Workers and Build a 21<sup>st</sup> Century Workforce Development Initiative.***

- ***Use stimulus funding to provide tens of thousands of New Yorkers with the skills and training they need to enter the workforce as the economy rebounds.***
- ***Use federal economic stimulus funds to fully fund the City's public school education budget, including programs for schools to teach students for whom English is not their native language (English Language Learners).***
- ***Use federal economic stimulus funds to expand the number of New Yorkers served by community health centers (FQHCs).***

***Support a progressive increase in the City's Personal Income Tax***



## **Detailed Recommendations:**

### ***Use Stimulus Funding to Protect Low-Income Workers and Build a 21<sup>st</sup> Century Workforce Development Initiative.***

- ***Use stimulus funding to provide tens of thousands of New Yorkers with the skills and training they need to enter the workforce as the economy rebounds.*** While much of the stimulus funding will rightly be used to create jobs immediately and provide crucial safety net services, the time is right to invest in building a better-prepared workforce ready for the 21<sup>st</sup> century. Included in this workforce are immigrant workers, who need access to English and citizenship classes, immigration legal and worker legal services, and adult literacy and general equivalency diploma programs. The city already has vehicles through which to funnel such resources: the Immigrant Opportunity Initiative (for which at least \$11.25 million should be allocated) and the Adult Literacy Initiative (at the level of \$1.5 million).
- ***Use federal economic stimulus funds to fully fund the City's public school education budget, including programs for schools to teach students for whom English is not their native language (English Language Learners).*** Last year, Mayor Bloomberg and the Department of Education committed more resources to stem the dropout crisis facing English Language Learners; the city should maintain its commitment of \$7 million to ensure that these students get the education they need to participate fully in the city's economy.,
- ***Use federal economic stimulus funds to expand the number of New Yorkers served by community health centers (FQHCs).*** The Obama administration has announced that New York State will receive more than \$12 million for this purpose, and it is now up to the Mayor to ensure that the City receives its fair share of health care stimulus funds.

### ***Support a progressive increase in the City's Personal Income Tax***

The incomes of the wealthiest New Yorkers doubled between 2002 and 2008, while the average incomes of the other 95% of New Yorkers did not increase at all. Because the top 5% of earners have received all the income gains since 2002, they are well positioned to contribute a higher City income tax payment. Currently, all New Yorkers earning \$40,000 a year pay the same tax rate as individuals who earn \$500,000 to \$5 million (6.85%). And in reality, individuals with the highest incomes often exploit loopholes and avoid paying taxes altogether. By creating new income brackets for high-income individuals and families earning over \$250,000 a year, the City could raise billions of dollars in additional revenues to protect critical services for the most vulnerable New Yorkers. The Mayor should take leadership by championing fair taxation and revenue policies in the city. He should implement income tax increases and get the approval of the state required to change the City's tax code.