



Press Release

For Immediate Release

February 22, 2009

Contact:

Ron Deutsch, NYFF 518-469-6769

Frank Mauro, FPI 518-786-3156

**Advocates Join Together to Urge Governor and the Legislature to Make
"Better Choices" To Balance the State Budget
Call Upon Wall Street and the Federal Government to Help Main Street**

(Albany, N.Y.) Members of the Better Choice Budget Campaign joined together today to urge the Governor and the Legislature to explore alternatives to state budget cuts that would further erode jobs and desperately needed services. The group, a diverse coalition of statewide and local labor, faith-based, human service, non-profit and environmental organizations, released an extensive list of revenue-raising and cost-saving options that can help New York State achieve a balanced budget without destroying vital programs and services.

The coalition also called upon Wall Street and the federal government to help in balancing this year's state budget in ways that help to preserve the services needed for Main Street to prosper.

With at least 48 states experiencing major budget shortfalls, the Campaign supports the President's call for an extension of the fiscal relief that the federal government provided to the states last year. In December, the US House of Representatives passed extensions of the stimulus bill's Medicaid and education relief; and, similar proposals are now being considered by the US Senate. Since the states have to balance their budgets in good times and bad, it makes sense for the federal government to help the states to balance their budgets during recessions. This reduces the amount of economically harmful spending cuts that the states have to make during bad times.

"The key is to have the phase-out of the federal government's 'state fiscal relief' dovetail, as closely as possible, with the recovery of the state governments' finances," added **Frank Mauro, Executive Director of the Fiscal Policy Institute** who pointed out that state governments' fiscal recoveries have historically lagged their economic recoveries.

One of the Better Choice Budget Campaign's recommendations involves a little known but very costly rebate system involving the taxation of stock transactions on Wall Street. New York State currently collects a minimal tax on stock transactions; but that tax is then instantly rebated right back to Wall Street in the amount of \$16 billion per year. If New York State were to temporarily rebate 80 percent of this tax, rather than 100 percent, fully \$3.2 billion a year would be raised in sorely-needed state revenues.

"Just a month after Wall Street handed out hundreds of millions of dollars in bonuses, New York's schools and colleges are again facing devastating cuts," said **Stephen Allinger, Director of Legislation for New York State United Teachers**. "School districts, which slashed more than 5,000 positions last year, are already cutting even deeper this year, eliminating programs, mailing out layoff notices and, in some communities, are talking about closing schools. Rather than undermine all the years of progress we've made toward improving education and ending the achievement gap, we're asking lawmakers to curtail tax giveaways that fund excess profits on Wall

Street and use this new revenue to save jobs and fund important education programs."

Mayor Bloomberg's January Financial Plan for 2010-14 estimates that 2009 Wall Street profits were a record \$58 billion, nearly three times the previous record that was posted in 2006.

"Main Street is suffering and could use a returned helping hand from Wall Street," **stated Ron Deutsch, Executive Director of New Yorkers for Fiscal Fairness.** "It was not long ago that Main Street bailed out Wall Street—delivering a miraculous recovery that includes record profits and large bonuses. Wall Street has a vested interest in a healthy New York State economy and a temporary reduction in their generous rebate would not be too much to ask."

"In this crushing recession, families' needs are rising and the resources to meet them are falling," said **Karen Scharff, Executive Director of Citizen Action of New York.** "The Legislature should respond by passing a budget that makes Main Street their top priority: a budget that grows the economy by investing in working families, schools and communities across the state, rather than a budget with cuts in education, health care and human services that will worsen unemployment and further destroy the safety net. "

"Governor Paterson slashed all environmental funding in his Executive Budget Proposal without considering the consequences, which are serious. In the final state budget, New York's leaders and lawmakers must make better and more responsible choices about using taxpayer dollars in order to protect New Yorkers and our air, land and water," **said Rob Moore, Executive Director, Environmental Advocates of New York.**

"Thanks to the Great Recession, the demand for civil legal assistance – people needing help with foreclosure, unemployment insurance and other employment issues, orders of protection, and other critical issues impacting economic stability - has increased dramatically, but funding to respond to demand has not," said **Kristin Brown Lilley, Director of Legislative Advocacy for Empire Justice Center.** "The Governor's budget eliminates all \$13 million included in last year's budget for civil legal services, leaving only a proposed \$15 million stop gap appropriation in the Judiciary Budget that is intended to help mitigate an anticipated 70 % funding reduction in the main state level funding source for civil legal services, the IOLA Fund. We call on the Governor and the Legislature to address the State's fiscal problems by actively embracing progressive revenue raising and cost savings options, rather than cutting or eliminating funding for civil legal and other essential human services at the very moment struggling New Yorkers need them most."

"We all understand the need for sacrifice and the demands of this economy - but such circumstances also require careful budgeting and sound policy choices," stated **Shelly Nortz, Deputy Executive Director for Policy with Coalition for the Homeless .** "The elimination of \$104 million in appropriations for shelters, services and housing for the homeless in this budget proposal is the most irresponsible action I have seen here in my 22 years of representing the needs of homeless people. Assuming, for example, that homeless men and women have \$36 million in their pockets available to make up for state cuts to shelter operations is patently absurd. We need a realistic budget based on real dollars and sensible policies, not phantom gap closers."

The campaign suggests that rather than slashing education, health care and the other vital services that New York families depend on, the Governor and the Legislature should make **a better choice: a balanced approach that uses existing resources efficiently and raises additional revenues in ways that will not harm our state's already fragile economy.** This is not the time for actions that will hinder the growth of New York's economy or hurt the children and families hit hardest by the economic downturn.

The groups believe that a balanced response to the 2010-2011 budget shortfall should include:

- **Closing loopholes** that allow large, profitable corporations to avoid paying their fair share of state taxes.
- **Reducing the amount of state work that is contracted out to** high-priced, for-profit consultants who are being overpaid to do work that state workers can do better for less.
- **Lowering prescription drug prices** for state and local governments and New York consumers by using New York's purchasing power to negotiate fair deals with the drug companies.
- **Making economic development/tax credit programs** like Industrial Development Agencies (IDAs) and the Brownfield Clean-Up Program more effective and accountable and allowing the Empire Zones Program to expire.
- **Temporarily reducing the Stock Transfer Tax Rebate** from 100% to 80% so the finance sector helps the state through the current economic downturn which was caused in part by the excesses of many Wall Street firms.
- **Curtailing growing obesity rates** in NY children by adding a 1 cent per ounce tax on sugary beverages.
- **Ensuring that Reservation sales of cigarettes to non-Native Americans** are properly taxed (by collecting those taxes before the products reach the reservations while still providing Native Americans with tax-free cigarettes).
- **Using the Tax Stabilization Reserve Fund (TSRF)** to cover the Governor's anticipated gap in this year's budget rather than rolling it over to 2010-11. The TSRF is specifically for such end-of-year shortfalls.
- **Helping the environment** by instituting a minimal plastic bag tax to reduce the use of 6.3 billion bags in NYS each year.

”Educated New Yorkers, affordable health care and housing, vital state services, a strong safety net, preserving the environment and a sound transportation infrastructure are all essential for a healthy state economy, today and in the future,” said Ron Deutsch, Executive Director of New Yorkers for Fiscal Fairness.

###