

Let's Have Some Equity in Cutting the Budget

Last week at City Hall, municipal labor unions and community leaders held a rally to protest potentially devastating budget cuts and layoffs in the city budget. They rallied in support of vital services they provide throughout the city every day at our schools, hospitals, senior centers, firehouses, libraries, museums, parks, pools, and more.

I understand that the city must balance its budget while getting no help from Albany, which is nearly three months past its deadline for a state budget. But the budget choices the Bloomberg administration has made are neither cost-effective nor equitable. Once again, the brunt of a cost-cutting budget is to be borne by those least able to carry the burden – low-income working families and individuals.

Over 40 percent of the city's workforce is stuck in low-wage jobs, including 48.4 percent of black workers. Many simply lack the basic skills necessary in a changing economy to fill better jobs. In a city with enormous numbers of immigrants, some workers do not have the language skills to do more than fill the most menial – and lowest paying – jobs.

The latest news on the unemployment front is that the city is doing well; the numbers are coming down. But we know from our research that joblessness for black men, especially young black men, is far higher than any official rate. This is, no doubt, true all over, in every large urban area. The national unemployment rate for African American men is 17.5 percent; nearly one in five black men looking for work cannot find a job. The overall rate for young men ages 16 to 19 is 28 percent; it's 46 percent for young African-Americans. As economist Andrew Sum said: "If this happened to any other group of people, we would call it a national disaster."

Given these appalling numbers, it is not surprising that there are close to 170,000 young people ages 16 to 24 neither in school nor in the workforce, disconnected from any institution that would provide them with a solid future. Over seventy percent are young people of color.

Wrong Budget Cuts

Yet where are the cuts in the city's budget? Summer jobs for youth, adult literacy programs, child care centers, transitional job programs. These are exactly the programs that should be shielded from budget cuts.

Summer job cuts make it harder for young people to gain work experience and support themselves and contribute to their families. Adult literacy cuts make it harder for immigrants and low-income workers to gain skills, get their GEDs, and get and/or advance in jobs. Cuts to child care centers undermine a key support for working families. Cuts to child care and senior centers means working class families will lose jobs. Cuts to transitional jobs in the Parks Department eliminate a strong program for those seeking early workforce experiences.

In each instance, these cuts make it more difficult for low-wage workers to hold onto their jobs and for young New Yorkers to break into the labor force. The cuts are self-defeating in a city where a skilled, educated workforce is crucial to attracting and keeping private sector business.

Some Solutions

Rather than cut needed programs and funding for the city's most vulnerable residents, the Bloomberg administration ought to look to revenue sources. There are several ways that the budget gap can be closed without inflicting more pain on low-income New Yorkers.

Tax Policies

We should change the city's tax policies: increase taxes for top earners and provide more tax credits for lowest earners.

The city's personal income tax should be more progressive, rather than increasing regressive sales and property taxes that hurt low-income families.

The mayor insists that if the personal income tax for wealthy New Yorkers is raised by even a fraction, we will see an exodus of millionaires. We are in an economic maelstrom in this country and city, but wealthy New Yorkers could hardly be bothered to notice. These budget cuts will have little or no affect on their lives.

My reaction: If those who have benefited the most from the expansion of the economy in the 1990's and earlier this decade refuse to step up and help the city with its finances now – they would not even feel the difference in a fraction of a percent increase in their income taxes – than let them leave. We don't want them or need them here.

Wall Street, with a record year of \$61 billion in profits made possible by a taxpayer-funded bailout, should also be contributing. We should eliminate the "carried interest" exemption in the Unincorporated Business Tax credit, which exempts the vast majority of private equity and hedge fund manager income. Eliminating this loophole would generate between \$100 million and \$200 million in annual revenue for the city.

Culture/Education

Then there are big nonprofits like NYU and its Medical Center, the major museums, and Columbia University, which already get too many tax exemptions. The museums charge outlandish entrance fees, effectively shutting out most working class New Yorkers even as they receive public funding from the city and state. Yet these and many other nonprofit institutions pay no property taxes, which cost the city more than \$7 billion a year in lost revenue. It also means that all of us – wealthy or not – foot the bill to keep these institutions going.

It's past time to focus on working New Yorkers, the people that businesses count on and rely on when they move here or start up a new enterprise. There must be some equity in the way the city operates, and that means a different mindset when making budget cuts.

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