

Federal, local tax cuts hurt Queens' services

By Corey Bearak

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Mayor Michael Bloomberg April 26 released his proposed executive budget for fiscal year 2005, which begins July 1. Bloomberg's budget includes many reductions outlined in the mayor's preliminary budget and financial plan released in January.



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The impact means diminished services in Queens and the entire city, including for our elderly and youth, libraries, cultural institutions, parks and safety. Budgets represent choices and priorities and opportunities to advocate. The mayor notes how Albany and Washington shortchange us but must translate the mere presentation of data into results.

The mayor capably distinguishes between discretionary and non-discretionary spending. Non-discretionary means mandated spending and includes Medicaid, other social services and significant school spending that the state or federal government or both require and sometimes support.

Bloomberg notes the \$200 million increase in Medicaid. The feds pay 50 percent of Medicaid; the state pays 25 percent and mandates the locality pay the remainder. So when Gov. George Pataki touts Family Health Plus, he promotes a program that provides health insurance statewide and citywide to uninsured families funded by Medicaid dollars, 25 percent funded by New York City.

The mayor cited the revenue city residents provide our governments in Washington, D.C. (\$11.4 billion) and Albany (\$2.6 billion), but these governments are deficient in returning a fair amount of that money to us.

The late Sen. Daniel Patrick Moynihan routinely issued reports on the D.C. deficit. The mayor included modest graphics in his presentation, outlining a \$1.1 billion menu - less than 10 percent of what Washington fails to return to us - on how the feds can help.

He did not seize the opportunity to outline how \$400 million in federal education spending wished for but not expected translates into teachers, smaller class sizes and related school needs. The one given with schools is how smaller class sizes create greater opportunities to help more children achieve their potential.

Mr. Mayor, I call not for some demagogic outcry but simply for your Republican colleagues in Washington to authorize spending to help kids succeed.

My friend Bill Dauster remarked at an April 27 Brookings Institution/Heritage Foundation briefing how tax cuts represent 59 percent of federal policy changes under President George Bush. Dauster, deputy staff director and general counsel to the Senate Finance Committee Democrats, cited the Center on Budget and Policy Priorities report

that also found these "tax cuts account for the most of the deficit insanity for years to come."

Our mayor cites the federal deficit - caused mostly by tax policies (\$297 billion this year) that benefit the extremely wealthy (averaging almost \$35,000 for the top 1 percent) - as an excuse to not expect much from Washington. From 2005 through 2014, enacted and proposed federal tax cuts are expected to cost us \$2.8 trillion. Ought not billionaire Bloomberg politely explain to Bush the need to reverse course?

His April 26 presentation included graphics comparing his property tax rebate with the City Council plan announced by Speaker Gifford Miller (D-Manhattan) in his February State of the City address. The mayor proposed an annual \$400 rebate to all who own and live in their homes or co-ops. But he also conceded that future city deficits can kill tax rebates after this year.

Contrast this with last year's plan to surcharge absentee homeowners 25 percent more. Regrettably, the Council and the mayor negotiated the deferral of that worthy plan. Recall my previous columns on the revenue opportunity this fair plan introduces. The mayor, despite the nice sound bite, again misses an opportunity to achieve real property tax equity, since his scheme also requires approvals in Albany.

The mayor contrasts the much smaller reduction the City Council's across-the-board 2 percent real property tax rate reduction offers Queens (\$49), Staten Island (\$44) and Bronx (\$45) homeowners and Brooklyn (\$25) and Manhattan (\$85) cooperators against the millions the Council plan delivers to Con Edison (\$8.3 million) and Verizon (\$1.5 million).

Theoretically, givebacks to these utilities should show up in lower bills for us. The mayor's rebate, unlike a real estate tax reduction, requires us to pay income tax on the \$400; this makes it not a net \$400 giveback to some to us but less, about 75 cents per day to homeowners.

In 2001's mayoral race, a commercial asked whether New Yorkers would continue paying 4 cents a day in income taxes rather than lose after-school programs. Similarly, Queens Civic Congress President Sean Walsh asks whether homeowners would choose service cuts or the mayor's daily three quarters.

At his budget briefing, Bloomberg stated, "Budgets are not about numbers but about people, their lives and the quality of their lives." This view requires our policy makers to go beyond reporting budget numbers to translate numbers into impacts that make the case for change, particularly when we need help from Washington and Albany that they appear unready to provide.

Corey Bearak is an attorney and adviser on government, community and public affairs. He is also active in Queens civic and political circles.