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SCAA Proposes \$9.1 Billion in New Budget Cuts and Revenues
Human Services Advocate Identifies Priorities for Deficit Reduction

ALBANY – The Schuyler Center for Analysis and Advocacy (SCAA) today proposed a diverse package of budget cuts, tax surcharges, and tax break closures to help close the New York State budget deficit. [The SCAA proposal](#) would contribute more than \$9 billion to deficit reduction while protecting disadvantaged New Yorkers and “seed corn” investments essential to the state’s future prosperity.

The SCAA proposal is noteworthy for two reasons. First, it originates from a leading human services advocacy organization that traditionally does not weigh in on broader budget issues. Today’s deficit reduction proposal recognizes the unprecedented nature of the current budgetary crisis.

“We’re seeing too much denial about the state’s budget crisis,” said Karen Schimke, SCAA President and CEO. “Trying to close a \$12.5 billion deficit with across-the-board cuts would be disastrous, but rational planning is impossible when everyone comes to the table saying only ‘save my program.’”

Second, the proposal identifies a principled path to deficit reduction. SCAA argues that state leaders should begin by agreeing on the state’s key spending priorities. The next step is to target programs outside these priorities for disproportionate budgetary cuts and tax surcharges.

SCAA proposes three key budget priorities:

- 1) Protect programs that serve vulnerable New Yorkers.
- 2) Protect “seed corn” investments essential to the state’s future prosperity.
- 3) Give special consideration to programs that can show evidence of successful outcomes.

“There’s no one way to close the state budget deficit,” said Schimke. “We need an ‘all of the above’ approach in which the state cuts expenditures, raises some taxes and fees, eliminates some tax breaks

and loopholes, taps the rainy day fund and works creatively with the federal government and the private sector to bring in new revenues.”

SCAA followed through on its proposed priorities by reviewing the state budget for opportunities to cut programs or raise new revenues in ways that will not threaten the security of vulnerable New Yorkers or endanger essential investments. SCAA staff identified \$8.7 billion in proposed budget cuts and revenue raisers that have not been proposed by the Executive, along with \$418 million proposed by the Executive on November 12, 2008, for a total of \$9.1 billion.

“SCAA is right to be seeking to protect the state's neediest residents in a time of fiscal crisis,” said Carol Kellermann, President of the Citizens Budget Commission. “Their willingness to suggest significant cuts in ineffective programs is exactly the kind of bold action that those who share their concerns should encourage.”

Examples include:

- **Empire Zone program:** Originally created to assist low-income communities in attracting new investment and jobs, the Empire Zone program has become a costly untargeted subsidy lacking any real accountability for results. Abolishing the Empire Zone program would recoup almost \$600 million in tax revenue. As the economy recovers, New York should replace the Empire Zone program with an assortment of more effective programs that integrate economic and workforce development initiatives.
- **High tax aid to high-wealth school districts:** School aid is not supposed to be a tax relief program. Many prosperous communities have significant fiscal resources and high graduation rates. By eliminating high-tax aid, New York could save \$200 million annually.
- **STAR:** The School Tax Relief (STAR) program has become a complex and regressive subsidy to prosperous school districts and homeowners. The recently established Middle-Class STAR Rebate should be abolished at a savings of \$1.2 billion.
- **Tobacco tax enforcement:** All cigarette sales in New York are taxed, with one big exception: cigarettes sold on or by Indian reservations. The Indian reservation loophole costs New York more than \$500 million annually. Taking the legal steps necessary to reclaim this revenue will also discourage youth from smoking and improve public health.

**Proposals for New Savings and Revenues,
New York State FY 2009-10**

(All revenues expressed in millions of dollars)

Budget Proposal	New Savings & Revenue
Education/Higher Education	
Eliminate state high-tax aid to prosperous school districts	\$202
Suspend Bundy Aid program	\$44
Economic Development	
Eliminate Empire Zone program	\$582
Health Care	
Increase covered lives assessment on insurance industry	\$120*
Shift financing for public health programs and Timothy's Law assistance to insurance assessments	\$140*
Reduce unspent Graduate Medical Education funding	\$23*
Enforce tobacco tax on Indian reservation tobacco sales to non-Indian customers	\$481
Human Services/ Public Safety	
Close six juvenile detention centers and downsize two others	\$17*
Close unneeded prisons, expand alternatives to incarceration	\$410
Abolish sex offender program in state psychiatric hospitals, house in existing correctional facilities.	\$40
Targeted Revenue Increases	
Restructure STAR into an income-based "circuit-breaker" program and cut by 10%	\$347
Eliminate Middle Class STAR Rebate	\$1,227
Establish temporary progressive income tax surcharge	\$4,300
Enact Bigger Better Bottle Bill*	\$118
Raise Beer Excise Tax from .11 cents to .25 cents	\$73
Economic Stabilization Fund	
Tap Economic Stabilization Fund	\$1,000
Total State Savings and Revenues	\$9,124

*Contained in Governor David Paterson's November 12, 2008 Special Session Budget Proposal