



Campaign for Fiscal Equity, Inc.



COST SAVING HIGHLIGHTS

1. Restructure STAR: savings \$1-1.5 billion

Restructure the STAR program to provide more property tax relief to overburdened homeowners. The STAR program was created as a property tax relief measure. It is poorly targeted as it provides a small amount of money to all homeowners regardless of how much of their income they pay in property taxes. Taxpayers are disproportionately subsidizing high income homeowners who have made the choice to buy expensive homes. Meanwhile, it does not provide enough property tax relief to average New Yorkers. By restructuring STAR, NYS can provide enough subsidies to overburdened average New Yorkers and stop the waste of many millions of taxpayer dollars, while at the same time raising approximately \$1-1.5 billion.

2. Ending the School to Prison Pipeline: Savings up to \$225 million

• Implement Temporary Work Release Programs- over \$148 million in savings

The Temporary Release program allows eligible people in prisons to participate in rehabilitation-related activities such as work, education, volunteer and religious activities. The Work Release program (which is just one part of the Temporary Release Program) saves tax payers money in two ways:

- a. it saves the state money because it costs only \$7,500 to house a work release participant, whereas it costs \$31,000 to house a traditional prisoner.
- b. Work release participants earn income that is taxed.

Currently there are about 54,000 people in NYS prisons. If 6,300 eligible incarcerated individuals participated in the work release program, NYS would save **\$148 million**. Only 2,515 individuals are allowed to participate.

• Close underused correctional and juvenile detention facilities- up to \$75 million

Closing four adult prisons and juvenile facilities that are not fully used could save up to \$75 million.

3. Taking Advantage of Lower Interest Rates to Refinance State Debt –savings \$500 million

Refinancing outstanding state debt. Senate Majority estimates that refinancing the state's outstanding tobacco settlement securitization bonds alone could save as much as \$500 million. New York City has saved over \$200 million recently.

4. Elimination of Empire Zones Program- savings \$ 600 million

Elimination of the Empire Zone (EZ) program, which supposedly gives tax breaks to businesses to create jobs. This program has been a failure. In practice, the EZ program has given benefits. Too many firms that have not created the number of jobs promised and some of which have not created any jobs. Eliminating the Empire Zone program would save the state approximately \$600 million (Fiscal Policy Institute, Citizens Budget Commission, and others).

5. **Reduce Use of Costly for-profit Consultants- \$730 million over the next 3 years**
End the use of high-priced, for-profit engineering, accountant, and other professional consultants by the State by having the work done by State employees at a savings of **several hundred millions** of dollars a year. Replacing half of these consultants with state employees will save the state over \$730 million over the next three years.

REVENUE RAISING HIGHLIGHTS

1. **There are multiple options the legislature can choose from to raise revenues from Wall Street to help Main Street. We recommend they choose one from the following:**
 - a. **Create a Bankers' Bonus Tax:** The **Banker Bonus Tax** will be 1-time tax. Bankers are expecting record bonuses. Since it's the irresponsibility of the bank sector that started the economic crisis that NYS and the nation is struggling to come out of, NYS should implement a 1-time tax on bank bonuses over \$50,000 to protect our schools and vital human services such as health care. Such a tax could raise between \$6 and \$10 billion. This 1-time tax will make sure that there is more revenue for the state now that needs it the most.
 - b. **Stock Transfer Tax: Raises \$3.2 billion annually**
The stock transfer tax is basically a sales tax on Wall Street. The stock transfer tax is a sales tax on the transfer of individual stock. New York state collects tax on each stock transaction and immediately rebates it back to the stock broker. NYS could simply hold on to 20% of the money it collects and rebate the remaining 80% back to the brokers (Better Choice Budget Campaign, ITEP)
2. **Allow grocery stores to sell wine. Raises \$250 million** Governor Paterson's FY 2011 proposed budget-21 day amendments. This proposal will allow small businesses to buy cooperatively, sell to restaurants and pubs, sell mixers, food, and other products, as well as will open new markets for local farms and wineries.

ADDITIONAL COST SAVINGS OPTIONS

Property Tax Relief through Government and School District Efficiency: Savings over \$1 billion

1. **Share administrative and "back office" functions- up to \$765 million on a statewide basis.** In a report released in December 2009, State Comptroller DiNapoli states that municipalities can achieve between \$85 million and \$215 million in savings from the sharing of "back office" services. School districts can achieve savings between \$145 million and \$365 million. Another \$185 million in savings can be achieved through the sharing of cooperative administrative efforts. A few examples include accounting functions (staff, payroll processing, software), real property tax collection and assessment, equipment sharing, IT administration and security.
2. Taxpayers can save \$245 million by merging highway services and the like. **(Department of State /Attorney General's Office)**
3. **Twenty** six local shared service initiatives, such as joint sewer and water service, would result in at least \$16.7 million in savings (Suozzi Commission, 2008)

Public Health and Health Care Options: Savings or revenues of \$170 million for FY 2010

4. **Lower Prescription Drug Prices - \$100 million**
Use the State's tremendous purchasing power to see reduced prices from drug manufacturers for prescription drugs for Medicaid, state employees, and other state programs (could yield approximately **\$100 million** or more per year)
5. **Prescription Drugs Self-Insurance**
New York State should consider self-insurance for prescriptions drugs. A study found that by replacing traditional health insurance programs for state employees with state self-insurance states typically had savings of 3% to 7% of the money they were spending.
6. **Rein-In High Premium Rates for Health Insurance \$70 million**
New York's decision in the 1990s to eliminate the authority of the State Insurance Department (SID) to approve health insurance rate increases has been a disaster, leading to annual double-digit increases for many consumers. Restore SID's authority to approve rate increases for the small group and individual health insurance markets coupled with a requirement of public hearings on rate increases, as proposed in the Executive Budget. The proposal is projected to save \$70,000,000 in FY 2010-2011 (Citizen Action).

Green Options: Savings of over \$1.2 billion

7. **Energy Savings in Schools and State Agencies**
 - a. NYSERDA estimates that the Energy Smart Schools Program energy bills can be reduced up to 30%. New York taxpayers spend \$1 billion on energy for schools. Energy Smart Schools Program could save \$200 million.
 - b. Increase participation in statewide energy efficiency programs through collaborative efforts of state entities such as:
 - i. Purchase "green" products and services directly through the state
 - ii. Use the low interest loans available to purchase green products and implement green policies.
8. **Restructure the Brownfield Clean Up program** so that the tax credits go to companies and corporations that truly conduct clean up and re-develop sites. (Better Choice Budget Campaign). Such action will save approximately \$1 billion.

Fiscally Prudent Options: savings exceeding \$290 million

9. **Improve Audit and Compliance- \$221 million**

The Commissioner of the Department of Taxation and Finance would increase compliance staff by more than 330 positions, generating \$221 million in additional annual revenue to capture individuals that commit tax evasion (Governor Paterson's FY 2011 proposed budget).

10. **Shared Services Initiatives for the State Government- \$40 million:** The 2010-11 Executive Budget advances the specific additional OTA recommendations detailed below. Below are key initiatives that may impact human service (Governor Paterson's FY 2011 proposed budget):

a. Create a one-stop-shop (E-licensing) for businesses and professionals seeking licenses and permits to conduct business in New York. **\$9 million in savings**

b. Consolidate call centers to improve customer service and lower State spending \$3.4 million in savings

c. Create a single statewide financial management system (SFS): Efforts are accelerating to create a single, statewide financial system, serving both the Office of the State Comptroller and State agencies. This joint approach can reduce project costs by **\$24 million.**

ADDITIONAL REVENUE RAISING OPTIONS

1. **Make permanent the personal income tax restructuring. The PIT is set to sunset in 2011.** This option will not raise any additional revenue. It will however ensure that the state has this revenue every year.

2. **Create two higher brackets of personal income tax for people with annual income exceeding \$1 million and \$5 million respectively.**

3. **Increase the excise (flat tax included in the price- not added at the register) tax on cigarettes by \$1. -\$200 million**

The excise tax has been part of the State's successful strategy to reduce the number of New Yorkers who smoke. Smoking has been proven to cause various illnesses, including cancer and heart diseases. Currently, the number of smokers is at its lower point on record. This proposal raises \$200 million and reduces smoking by 14%. (Governor Paterson's FY 2011 proposed budget).

4. **Deploy speed enforcement cameras (Governor Paterson's FY 2011 proposed budget). Raises \$32.9 million.**