THE ROAD TO RECOVERY FOR NEW YORK'S PUBLIC SCHOOLS
THE STATE'S RESPONSIBILITY TO PROTECT OUR STUDENTS
The Alliance for Quality Education is a coalition mobilizing communities across the state to keep New York true to its promise of ensuring a high-quality public school education to all students regardless of zip code. Combining its legislative and policy expertise with grassroots organizing, AQE advances proven-to-work strategies that lead to student success and echoes a powerful public demand for a high-quality public school education for all of New York’s students.

The Public Policy Education Fund was founded in 1986 to address critical social, economic, racial and environmental issues facing low and moderate income New York State residents. Our areas of work have included health care, education, after-school programs, voter participation, economic development and consumer issues. PPEF uses many tools in its work, including grassroots organizing, research and policy development, public education on a wide range of policy issues, and community outreach.
INTRODUCTION

Our public education system is facing a reckoning. Ten months into a pandemic, public schools need a large enough funding boost to ensure that they do not become insolvent, educationally or economically. The federal relief package is intended to provide exactly that: relief to our early education and public education systems. The state has a responsibility to not supplant these dollars, but rather to build a stable and sustainable revenue source to adequately fund these systems.

As New York Governor Andrew Cuomo presented his executive budget proposal for FY21, he noted that schools will see a decrease of state aid. Though that decrease will be offset by federal pandemic relief funds for public education, New York State must continue to uphold its own responsibility for our public schools students, teachers and communities.

Governor Cuomo noted that if the federal government provides New York with its "fair share" of $15 billion in aid, rather than the $6 billion that his executive proposal is built around, the state can avoid a decrease in school aid next year. But his budget proposal offers no solutions whatsoever for the years beyond, when federal aid is no longer available to provide for the state’s education budget. The Governor has made his preferred solution clear: cut state aid to schools and other services, and avoid raising the rates that the ultra wealthy and corporations pay in taxes.
In late December 2020, the federal government authorized a new relief package, the Coronavirus Preparedness and Response Supplemental Appropriations Act,¹ which included a large amount of funding for education. The intent of the funding is to provide additional money with which schools can safely meet their students’ social, emotional, health, and academic needs.

New York State is slated to receive a large amount of federal funding from the most recent relief package. Thanks to Senator Schumer, New York State will receive $5.8 billion, $4 billion of which is for K-12 public education. Another $450 million will go to child care. These amounts are broken down below.

$5.8 billion – Education Stabilization Fund

- **$4 billion** – Elementary and Secondary School Emergency Relief Fund, provides relief to K-12 public schools across the State of New York. This funding will allow school districts to ensure connectivity and device access to all of the students and faculty that need it; nurses, social workers and psychologists for all the schools that do not have any or an adequate number; HVAC and air system repair or maintenance; and many more actions and services that will allow students to attend school safely and continue to grow in every aspect possible.

- **$1.4 billion** – Higher Education Emergency Relief Fund, directs funds to New York’s university system, like SUNY and CUNY.

- **$313 million** – Governor’s Emergency Education Relief Fund, the Governor can use these funds at his discretion to support the state’s K-12 education and higher education needs related to COVID-19.

$449,598,890 will go to support child care providers for facing reduced enrollment and increased costs of serving children safely, reduce family co-payments, pay staff salaries, provide care for the children of essential workers regardless of income, support costs related to reopening, and more.

Back in March 2020, the Governor implemented the Pandemic Adjustment, a cutting formula that was the equivalent of the federal CARES Act dollars that each school district was slated to receive, negating any relief intent that the federal dollars had and leaving schools flat-funded in a year of unprecedented challenges. The most recent COVID-19 relief package is much larger than CARES. To prevent further harm to the students of New York State, we need to ensure this relief reaches our school districts in its entirety.
FUND OUR CHILDREN’S FUTURE IN THE 2021-22 NEW YORK STATE BUDGET

Year after year, students, parents and community members advocate for New York to finally commit to fulfilling its constitutional obligation to all students by fully funding schools. Nevertheless inequities persist, and many schools, especially that educate students of color and low income students, continue to be underfunded. This year, as the COVID-19 pandemic overwhelmingly and disproportionately affects Black, Brown and low income communities, it is more important than ever before that the state ensure stable and sustainable funding for all essential services, including public education and access to early care and learning. Our economy, both state and national, cannot rebound without strategic investments in our children and their future. We are tired of the excuses from Governor Cuomo and legislative leaders who allow our most vulnerable children to attend underfunded and under resourced schools. We must end the educational neglect and back a bold investment in education equity.

THE COST OF EDUCATING & CARING FOR THE WHOLE CHILD

For too long our state has used children and their needs on the back burner, not prioritizing any meaningful or adequate investment in their care and education. The COVID-19 pandemic illuminated all the inequities and disparities that Black, Brown, immigrant, and low income children and students face. The pandemic did not create these inequities and disparities, but it did exacerbate them. The path to recovery and to just schools must be paved with investment in strategies that work. Below are the priorities we are urging the legislature to take up this year.

**Education Funding Increase for 2021 Budget — $5.8 Billion**

- $4 billion to fully fund Foundation Aid owed to school districts
- $1.1 billion repay Pandemic Adjustment cut of 2020
- $400 million to reimburse expense base aids (including pandemic related transportation cost)
- $225 million for COVID-19 expenses

**Fully Fund Universal Pre-K for all 4 year-olds**

- $770 million increase + $5 million for Technical Assistance Centers

**Adult Literacy Investment**

- Restore FY20’s $1.5 million enhancement to Adult Literacy Education (ALE)
- Invest an additional $17.2 million in ALE for a total of $25m in FY21

**Child Care Investment**

EDUCATING AND CARING FOR THE WHOLE CHILD MEANS INVESTING IN THEM

A recent report by the New York State Association of School Business Officials and the School Boards Association shows that a safe reopening of schools meant accruing increased costs. School districts are spending an average of $219 per student or an average of $500,000 per school district toward COVID-19 related supplies in addition to regular expenses per student. This increased cost incurred at the same time when school districts had to grapple with a $1.1 billion cut in state aid in the enacted budget. The cut overwhelmingly hurt low income/high need school districts whose students are also overwhelmingly Black and Latinx. To add insult to injury, the Governor has withheld 20 percent of the state aid provided to schools in July and August, but not in September after pushback from parents and community members. Districts were also forced to roll back in person instruction from either full time to hybrid or from hybrid to completely remote.

HISTORICAL CONTEXT: THE CAMPAIGN FOR FISCAL EQUITY

Unfortunately, the systematic gutting of public schools whose students are majority Black and Latinx is not new. In 2007, the Governor and the legislature provided a statewide settlement of the Campaign for Fiscal Equity lawsuit ruling by the New York State Court of Appeals by implementing in law a four year commitment of $5.5 billion in operating aid going to all schools, but mostly to low income schools and schools that educate students of color. While the law remains, Governor Cuomo has refused to provide the necessary funding to meet that commitment. Currently, the New York State Board of Regents estimates that the state owes $4 billion in operating aid, also known as Foundation Aid.

New Yorkers expect that this year the state takes action to put us on a sustainable and stable path toward funding our children’s futures.

PAY THE REMAINING FOUNDATION AID, CURRENTLY IN LAW

The state spends approximately $27 billion annually on public education. This investment is shorted by the almost $4 billion that continues to be unpaid to public schools, primarily to Black, Brown and low income students. Once the state provides the Foundation Aid it owes to schools, that will set a floor for public education funding that will only scratch the bottom of what is needed to provide quality education. A much greater investment is needed to provide adequate resources for a quality education, similar to what wealthy districts provide their students.

Foundation Aid was supposed to be fully paid in 2011. The state had committed and passed in law that over the course of four years—namely from 2007 to 2011—it would infuse $5.5 billion of operating aid to school districts across the state. The greatest chunk of the $5.5 billion would
go to school districts that were considered high need (with majority of their students in poverty or Free and Reduced Price Lunch) in order to help these districts to rapidly improve the delivery of education to students. The commitment of the state to provide large sums of funding over the course of four years was the result of a decade long lawsuit—the Campaign for Fiscal Equity—against the state for underfunding public schools educating Black, Brown and low income students in New York City. The state’s highest court, the Court of Appeals, ruled in favor of the parents and the students, compelled the state to provide funding for those schools in New York City, and encouraged the legislature to take action for all schools across the state.

Yet, almost a decade after the final year of the original four-year phase-in, the state continues to shortchange schools by $4 billion. Amid the pandemic, inequities have been exacerbated, disparities illuminated. But those inequities existed before the pandemic. New York needs to make things right and invest in our future. The state must provide $4 billion in Foundation Aid and end the shortchanging of schools, particularly schools that educate Black, Brown and low income students.

Foundation Aid, or basic operating aid, pays for teachers, social workers, counselors, psychologists, curricula material, etc. When Foundation Aid is cut or is not adequately funded, school districts have to choose between having enough English teachers and having a school nurse, or between having a social worker and a school psychologist. These are choices that schools should not have to make. School district officials should not have to pick from among their students’ needs and decide how they can afford to help. They should be able to look at all the needs of students—academic, mental and physical health, social and emotional—and do whatever is necessary to meet them.

The Executive Budget proposes $0 increase in Foundation Aid for 2021-2022. It also makes no commitment to providing the $4 billion that the state currently shortchanges public schools.

In addition, the Community Schools model, in which the state has already invested $250 million as a set aside of Foundation Aid, must be protected and expanded. Community schools combine services and programs for students and their families, as well as other members of the community. A quality community school integrates services, providing a health, mental health, academic and social emotional perspective to the education of the whole child. Protecting the state’s investment in community schools and expanding it in its own categorical aid will lead to better outcomes in the short and long term future of students.

The Executive budget provided $0 increase for Community Schools for 2021-2022.

**REPEAL THE PANDEMIC ADJUSTMENT CUT & RESTORE STATE AID FOR EACH DISTRICT**

In March of 2020, the state made a cut of $1.1 billion to state education funding, called the Pandemic Adjustment. That amount that was equal to the federal aid that New York received for schools in the first stimulus package. The cut in state funding for public schools effectively created a hole in the state budget that Governor Cuomo and legislators then backfilled with the federal CARES Act funding. Congress intended for that funding to provide additional relief to schools
during the pandemic, not to replace state dollars. The Pandemic Adjustment must be repealed. The state must restore each school district’s aid to ensure that no district experiences an aid loss in 2020-21, and to enable them to use their federal CARES Act funds for their intended purpose.

The Executive budget restores the pandemic adjustment cut.

The Governor also creates a new cutting formula resulting in a $1.3 billion cut in state aid. This cut is called the Local District Funding Adjustment and is based on the property tax payment that school districts get from the state, called STAR payment, or the new COVID relief allocation for the district, whichever is less. This continued cut to school aid reduces the year-to-year aid by $607 million.

**PROVIDE REIMBURSEMENTS FOR ALL EXPENSE-BASED AIDS**

Education law requires the state to reimburse school districts for expenses such as transportation and building aid. School districts count on that funding each year to build their own budgets. The state must reimburse school districts for all those expenses.

The Executive budget makes allowable reimbursement of the use of buses to provide meals, internet access and other COVID related expenses during the shutdown in the spring of 2020. The Governor’s proposal, however, tries to consolidate eleven different expense-based aid (such as transportation, charter school transitional aid, high tax aid, textbook aid, etc.) into a new aid called Services Aid. This aid, the Services Aid, will function as a block grant starting in 2021-22. School districts will not be able to predict how much funding they will receive, rendering it impossible to factor into their own budgets. The consolidation of the eleven aid categories also includes a formula that will result in a cut for some school districts, most notably for New York City which will lose $600 million from this action.

**PROVIDE COVID-19 RELIEF**

Each school district had to make unexpected expenditures for Personal Protective Equipment (PPE) and technological equipment to address the needs of their staff and students during the pandemic. A recent report estimates that, on average, school districts spent $225 million statewide (expenditures vary by region). These expenditures were both inevitable and unexpected. The state must ensure that school districts are adequately resourced to both keep students, staff and the school community safe, while at the same time providing a quality education. Districts should not be forced to make a choice between the two. The state must provide COVID-19 relief to all school districts.

The Executive budget provides no state relief to school districts for COVID related expenses. The executive proposal includes the federal relief funding for schools secured by Majority Leader Schumer for New York’s schools.
FULLY FUND PRE-K FOR ALL NEW YORK’S CHILDREN

Nearly 77,000 four-year-olds still lack full-day pre-K that state leaders promised. We must protect and build on the state’s current $857.2 million investment in pre-K, with appropriate resources for culturally responsive and sustaining pre-K to support each child, including those with developmental delays and disabilities, emergent multilingual learners and those who are homeless.

The state must raise the necessary revenue to ensure that the needs of children and their families are met, and ensure that they are given the opportunity to learn and succeed, regardless of their income, zip code, race, or immigration status.

New York must invest $770 million to expand access to quality full day pre-K for all children in the state. Funding for the next pre-K expansion should include enhanced rates to meet quality standards. This includes an additional 20 percent set aside to support highly qualified and appropriately compensated teachers in both community programs and public schools.

New York State currently invests $857.2 million to provide a combination of half- and full-day pre-K for three- and four-year-olds. In 1997, New York’s leaders promised every preschooler a seat. In 2014, Governor Cuomo doubled down on the promise, with a commitment to full-day pre-K for every four-year-old. In 2015, he added three-year-olds. But today, only New York City has Pre-K for all four-year-olds, and the state’s investment has slowed to a trickle, leaving tens of thousands of children behind. The evidence shows pre-K is not only one of the most effective educational strategies for addressing inequality; it is also one of the best ways to ensure that parents and guardians can be part of the workforce. Children who attend pre-K are more likely to be reading on grade level, graduate high school and go on to college, when pre-K is coupled with continued investment in the K-12 world. Every year that goes by, the state is forgoing $3 to $7 for every dollar spent in return on investment. Every year, the state spends an enormous amount of funding in special education, in remediation, and in incarceration, all of which are decreased when children have access to a quality full day pre-K program. By providing at least $10,000 per child to all districts that need to implement pre-K, the state can begin to ensure that children are put on a path of success early on. With more than half of all pre-K services offered in community programs, the state, in collaboration with local districts, needs to do more to promote equity in funding between public school and community-based programs.

The Executive budget provides $0 increase for Pre-K.
INVEST $5 MILLION TO ESTABLISH REGIONAL TECHNICAL ASSISTANCE CENTERS

The state must provide funding to establish Regional Technical Assistance Centers to support Pre-K and early childhood education. These centers will support the improvement of existing programs and the roll-out of quality, culturally responsive and sustainable early childhood programs. They will strengthen coordination of efforts between school districts, child care providers and other early education programs, and services in the regions that focus on improving outcomes for children and families. These centers are critical in suburban and rural areas with numerous small school districts.

The Executive budget provides $0 for this strategic initiative.

INCREASE FUNDING FOR PRESCHOOL SPECIAL EDUCATION PROGRAMS

Preschool special education programs provide high-quality education services to preschool students with significant developmental delays and disabilities. Inadequate state funding over the years has forced dozens of programs to close and led to a shortage of seats in these programs, leaving preschool children with disabilities without the services they need and have a right to receive. The pandemic has only added financial challenges that have made it even harder for these programs to continue operating.

To ensure that preschool special education programs stay open and can provide high-quality services, the state must increase the reimbursement rate by at least 10 percent. In the five years before the pandemic, the state approved only a 2 percent increase in the reimbursement rates for preschool special education classes each year and provided no cost of living adjustment to these programs for the previous 6 years. A significant investment is needed.

To maintain sufficient funding going forward, we also support the Board of Regents’ proposals for the State to provide at least the same percentage increase in funding to preschool special education programs as it gives to K-12 public schools each year and to dedicate $1.25 million to design a new rate-setting methodology, with stakeholder input, to update the way payment is calculated.

Lastly, many pre-K programs and school districts have suffered a 20 percent cut to their 2019-20 funding allocation. It is imperative that those funds are restored to ensure that districts can continue to offer their programs without having to choose between pre-K, K-12 programs, programs for English language learners and at risk students.

The Executive budget includes a series of waivers for special education, which potentially would include preschool special education. The budget proposal also does not include a reimbursement rate increase for preschool special education.
Child care and pre-K investments are complementary to each other and on a continuum, not competitive, which is why we fully support investments in home visitation as developed by early care and learning advocates and coalitions. It is important that there are simultaneous investments in birth to three care and education programs, especially those that are often less likely to be engaged with district pre-K programs, as they are an essential foundation to healthy physical, cognitive, and social-emotional development of New York’s children.

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**INVEST IN ADULT LITERACY EDUCATION (ALE)**

The Adult Literacy Education (ALE) funding stream, managed by the New York State Education Department, is a critical stream for New York State programs seeking to provide community-based Adult Education programming. Investing in ALE is the easiest way for the state to support high-quality, community-based adult literacy instruction. Many of the positive outcomes we see ALE participants achieve occur because ALE providers are most often trusted community based nonprofits with culturally competent staff and wrap-around support services.

*The Executive budget provides $0 increase in Adult Literacy Education.*

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**NEW YORK CANNOT RECOVER OR PROSPER WITHOUT INVESTMENT IN CHILD CARE**

The pandemic has laid bare what all working families with children—and their employers—have long known: a sound, accessible quality child care system is critical to the health and economic stability of working families and the economy. Families with low pre-pandemic incomes, especially those led by women of color, have been disproportionately impacted as both providers and consumers of child care.

New York must also lay the foundations for a universal system that serves all New York families that need care, one animated by the emerging recognition that child care is a public good. The state must:

1. Raise new state revenue, if necessary, to make these necessary investments to stabilize the child care industry, and expand access to more families. These are unprecedented times; it is just and appropriate to ask those New Yorkers who have prospered since the pandemic struck to contribute more to the state’s recovery;

2. Make no cuts to 2020 funding for child care in 2021;
3. Provide counties with $370 million to make the child care subsidy system more equitable by eliminating unfair eligibility variations across counties and communities, and prioritizing families with the greatest need by:

— Making child care subsidies available consistently statewide to all income-eligible families who are unemployed and seeking work, retraining, or pursuing higher education; families involved in domestic violence; families receiving preventive child welfare services; foster families; families experiencing homelessness; and children with special needs;

— Incrementally expand subsidy eligibility to at least 85 percent of the state median income (beginning with regions with a high cost of living and/or those hit hard by the impacts of the pandemic);

— Reduce parent co-pays to no more than 10 percent of income over the federal poverty level in counties that are currently above that level; and

— Pay subsidy to providers for at least 12 absences/quarter per child, plus federal holidays, building toward a system in which subsidy is not paid based on a child’s daily attendance, but based on enrollment;

4. Commit to eliminating expulsions and suspensions in child care and pre-K, which disproportionately impact children of color, by setting a state-wide prohibition on suspensions and expulsions (in most cases) while investing at least $15 million to infant-toddler resource centers to provide child care and pre-K programs the supports they need to meet the developmental, mental health, social-emotional needs of all the children in their care; and

5. Invest $100M to create a fund to increase workforce compensation to a fair wage and improve child care quality. Priority should be given to programs that serve low-income families and care for infants and toddlers.

By investing $485 million in child care in 2021-22, New York State can extend child care subsidies to 30,000 additional children each month, lower the cost of care among families receiving support, and boost child care worker wages to a level more commensurate with their importance to New York’s children, families, and communities.

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<th>EMPIRE STATE CAMPAIGN FOR CHILD CARE ASKS</th>
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<td>Increase Uptake by Expanding Eligibility</td>
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<td>Support for Expulsions and Suspension Ban</td>
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<td><strong>Total</strong></td>
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Providers and parents cannot wait until the April release of New York’s new budget for support. New York must immediately, without any further delays, invest all existing child care resources, including federal (CCDF and TANF) rollover funds and federal relief funds (including remaining CARES Act and future funds) to provide:

- Child care scholarships and subsidies to essential workers, many of whom have been struck by layoffs, or cuts in hours and pay;

- Stabilization grants to child care providers for the duration of the public health emergency. To meet provider needs, these grants must:
  — Be paid out as up-front grants, rather than reimbursements, paid out periodically;
  — Require part of each grant be used enhance educators’ pay to one closer to a living wage;
  — Be made available to all operating licensed and registered, and licensed exempt providers, with the amount determined based on region and modality of care (center-based, group family and family); and

- More families access to child care subsidies, and a reliable flow of subsidy funds to child care providers by giving counties the funds they need to continue the following subsidy waivers:
  — Paying subsidy based on enrollment, not attendance;
  — Eliminating parent co-pays; and
  — Raising eligibility to 85 percent of SMI.

The Executive budget includes $46 million investment in child care, $40 million in child care subsidies for families that need them, and, $6 million in grants for providers to start up programs in child care deserts.
PASS REVENUES TO ENSURE THAT THE STATE HAS ADEQUATE RESOURCES TO FUND OUR SAFETY NET

New York State has already received billions of relief funding from the latest relief package. President Biden and U.S. Senate Majority Leader Schumer are working on a new package that will bring more funding to New York. But no matter how much federal funding New York receives, the state has a responsibility to students to ensure the sustainability of our public schools going forward.

New York must raise revenues in 2021 to build a stable and sustainable path to preserving the safety net that allows New Yorkers to receive the services and programs to meet their needs in a meaningful and accessible way. Austerity budgets and cuts will only slow the recovery of the economy of the state and the nation overall.

New York State should raise revenue to successfully invest in public education including pre-K-12 aid, child care and adult literacy in 2021 to ensure all students across the state, especially for Black, Latinx, immigrant and low income children have access to a high quality education.

During the pandemic, while New Yorkers were standing in line to receive food and unemployment, 118 billionaires made an additional $60 billion. A report by the New York State Comptroller shows that Wall Street profits increased by more than 80 percent in the first six months of 2020. These billionaires, who all live in New York, are worth $566 billion, more than three times the entire New York State budget (which is about $175 billion).

Early care and learning programs and public schools desperately need funding to reopen safely and reinstate the hundreds of educators and support personnel who have been laid off during the pandemic.

Schools need funding to purchase computers and enable connectivity for all students. The New York State Education Department found through a recent survey that more than half of all students do not have access to a device at home. Teachers have found themselves in need of greater training to be able to teach remotely effectively. Parents are juggling the need to work with assisting their children, particularly young children, with remote learning. Tens of thousands of families have lost loved ones and need to heal before focusing on anything academic.

The legislature, now with Democratic supermajorities in both the State Senate and Assembly, have multiple options in front of them. The package of bills described below would raise at least $50 billion in state revenues annually.

As a state, New York can afford to massively increase its social spending and it can easily absorb significant increases in taxes without upsetting the balance of its economy. It is precisely by increasing taxes on those who are currently undertaxed that New York can generate the revenue needed to address the worsening crises in housing, health care, education, and climate change.
ADOPT THE INVEST IN OUR NEW YORK REVENUE PACKAGE

New York State must reform its tax policy in three ways:

1. Tax high incomes (Bill #1: Create a progressive income tax system; Bill #2: Tax investment income the same as wages)

2. Tax wealth (Bill #3: Tax inheritances; Bill #4: Amend Constitution to allow a wealth tax + Mark to Market Tax)

3. Tax big business and the financial sector (Bill #5: Small tax on Wall St. financial transactions; Bill #6: Offset Trump’s corporate tax cuts)

Only the public sector can address the severity of these challenges. By acting now—in a clear, bold, decisive way—we can secure New York’s recovery from the pandemic, and allow our state to become a more humane and dignified place for all of us.

Following are six proposals/bills that aim at taxing high incomes, wealth, and big business.

TAX HIGH INCOMES

BILL #1: CREATE A PROGRESSIVE INCOME TAX SYSTEM:

With this proposed structure for a progressive income tax system (below), New Yorkers will barely feel the impact, but the state will raise at $12 billion annually.
BILL#2: TAX INVESTMENT INCOME THE SAME AS WAGES

Most wealthy people make a majority of their income from investments, not through wages. This income, referred to as capital gains, is taxed at much lower rates than income from wages by the federal government. New York can add a tax for capital gains income that is equivalent to the tax break wealthy people get from the federal government. If New York State were to implement a tax on capital gains, only the wealthiest New Yorkers would be affected (chart below).

TAX WEALTH

BILL #3: CREATE A MEANINGFUL INHERITANCE TAX

New Yorkers who inherit large sums do not pay any taxes on that inheritance. Instead, New York State imposes a very small tax on the estate of the deceased person. It makes more economic sense to tax the beneficiary of the inheritance (much like how the state taxes a lottery winner). This proposal would create a progressive tax structure for inheritances. If one receives a family house, up to $1 million in property value is exempt from the tax. Inheritances paid from pensions or retirement funds are also exempt. Special exemptions can also be applied to inheriting a family’s farm, modeled after Oregon’s system, which is family farm friendly (chart below).
BILL #4: AMEND THE CONSTITUTION TO ALLOW A WEALTH TAX AND CREATE A MARK-TO-MARKET TAX

To address wealth inequality in a meaningful way, we need a direct tax on large amounts of wealth. An amendment to the New York State Constitution is necessary to permit the taxation of intangible wealth in the future. In the meantime, a Mark to Market tax would tax gains in wealth as regular income. These increases would be taxed at income tax rates.

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TAX BIG BUSINESS AND THE FINANCIAL SECTOR

BILL #5: CREATE A FINANCIAL TRANSACTION BILL

The financial industry is the largest industry in New York State. It makes up 30 percent of the state economy. Unlike other major financial centers, like London and Hong Kong, New York currently does not levy any tax on financial transitions. This bill would levy a small tax on all financial transactions involving the trade of stocks, bonds, and derivatives.

BILL #6: OFFSET THE TRUMP TAX CUTS

In 2017, Trump’s tax cuts reduced the federal corporate income tax rate from 35 percent to 21 percent and gave a 20 percent tax deduction to businesses, such as real estate developers. New York can offset these tax cuts so that businesses pay the same tax rate they did 3 years ago. This bill would add a surtax of 14 percent to the New York corporate income tax, and a surtax of 5-7 percent on business receiving the Trump tax deduction.
ENDNOTES


4 These priorities were developed by the Empire State Campaign for Child Care, a coalition of groups that work to elevate the need for investment in and overhaul of the child care system. AQE is on the steering committee of the campaign and also helps lead the campaign’s action team. http://www.empirestatechildcare.org/.


8 Data as presented by the Invest In Our New York campaign using data from the New York State Department of Taxation and Finance, the U.S. Internal Revenue Service and Census Bureau.