

NEW YORK STIMULUS ALLIANCE

# PLUGGING THE BUDGET GAP THE RECOVERY ACT AND BEYOND IN NEW YORK STATE

Thursday, August 5th 6:30 PM, Brooklyn Borough Hall,

Co-hosted by:

Brooklyn Borough President Marty Markowitz

State Senator Daniel Squadron

Councilman Brad Lander and Councilwoman Letitia James

\*Common Cause/NY \* Community Voices Heard (CVH)\* \*NYC AIDS Housing  
Network (NYCAHN)\* The Drum Major Institute\*Center for Working Families\* Good  
Jobs New York

Presentation by:

Susan Lerner, Executive Director

Common Cause New York



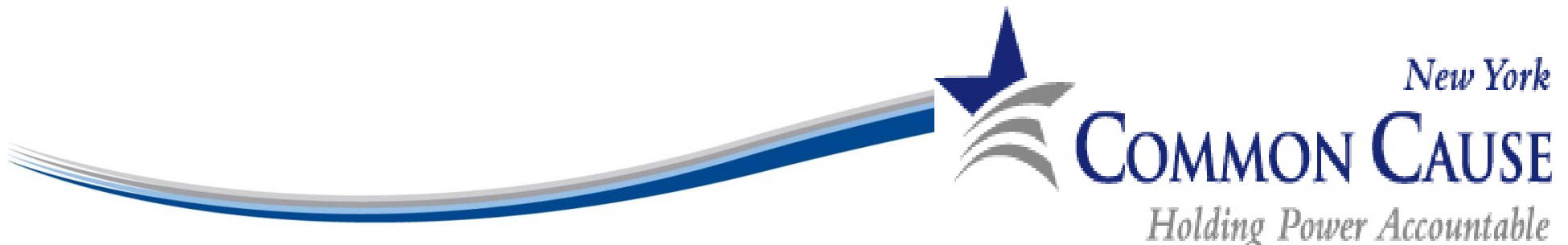
*New York*

**COMMON CAUSE**

*Holding Power Accountable*

# Tonight's Discussion

- **How did we get into this mess?**
- **What did the Recovery Act accomplish in NY State?**
  - **Jobs & Housing as case studies**
- **What are state and local officials doing to stem the continuing crisis?**
- **What is the citizen's role?**



# The American Recovery and Reinvestment Act invested \$787 billion around the U.S. to:



Preserve and create jobs

Invest in infrastructure projects that provide long-term benefits

Increase economic efficiency by investing in science and health

Stabilize State and local government budgets, in order to minimize and avoid reductions in essential services

# Response to a National Crisis

## Cause:

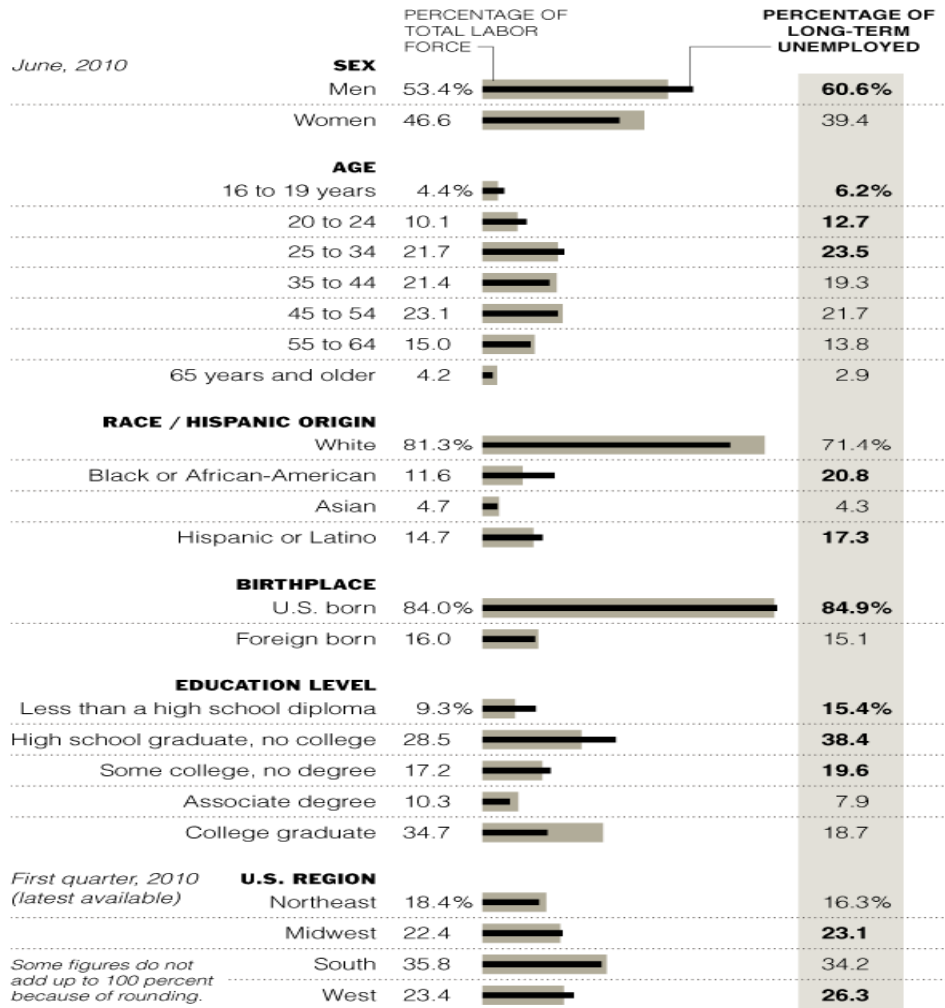
- Sub prime mortgage crisis leads to prime mortgage crisis
- Risky investments – derivative market
- Financial gimmicks and lack of oversight

## Fallout:

- \$6.1 trillion in housing value disappeared
- 8.4 million jobs were lost
- Unemployment rose over 10%
- Those living below the poverty line rose to 39.8 million people

## Demographics of the Long-Term Unemployed

Those out of work for six months or longer now make up more than 40 percent of all unemployed. Here is a look at how their characteristics compare with those of the overall labor force.

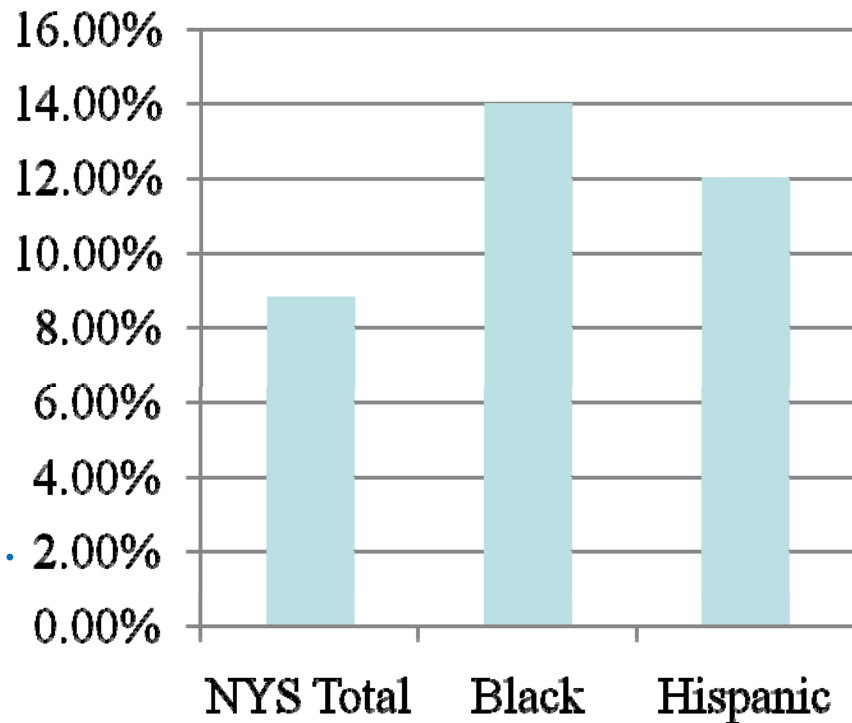


Source: Bureau of Labor Statistics

THE NEW YORK TIMES

# Unemployment Rate in NYS:

## Unemployment Rates



Unemployment Rate, NYS:  
8.8%

Unemployment rate, Black  
New Yorkers: 14%.

Unemployment rate,  
Hispanic New Yorkers: 12%

- *In late 2009, 40% of New York's unemployed workers were out of a job for over six months.*
- *About one in six (16.2%) of the unemployed have been out of work for over a year.*

Source: Fiscal Policy Institute, *New York's Unemployment Crisis*, March 2010

# Impact on state budget

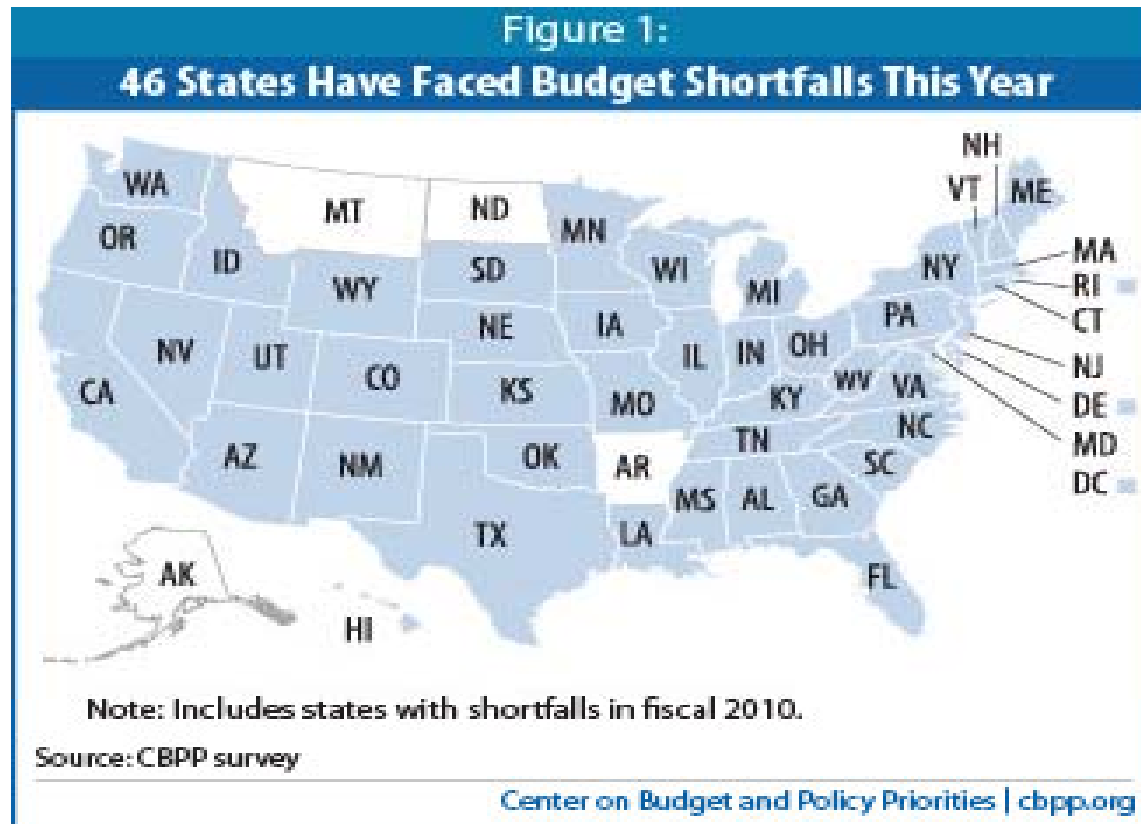
- Income taxes are lost as people lost jobs
- Property taxes declined
- Sales taxes were depressed as people lost disposable income
- Corporate taxes fell as businesses contracted

**Result = \$9 Billion NYS Budget Gap**



# Tough Times for State Governments

The average state revenue shortfall in FY2010 was 28%



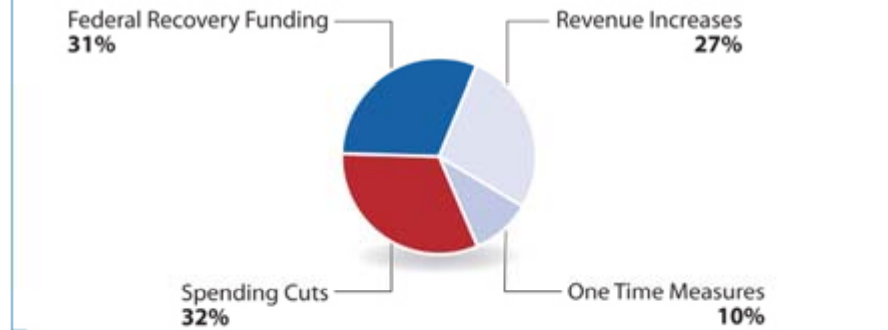


## NEW YORK STATE'S SHARE

\$32 billion is the total amount New York State expects to receive out of the \$787 billion Recovery Act.

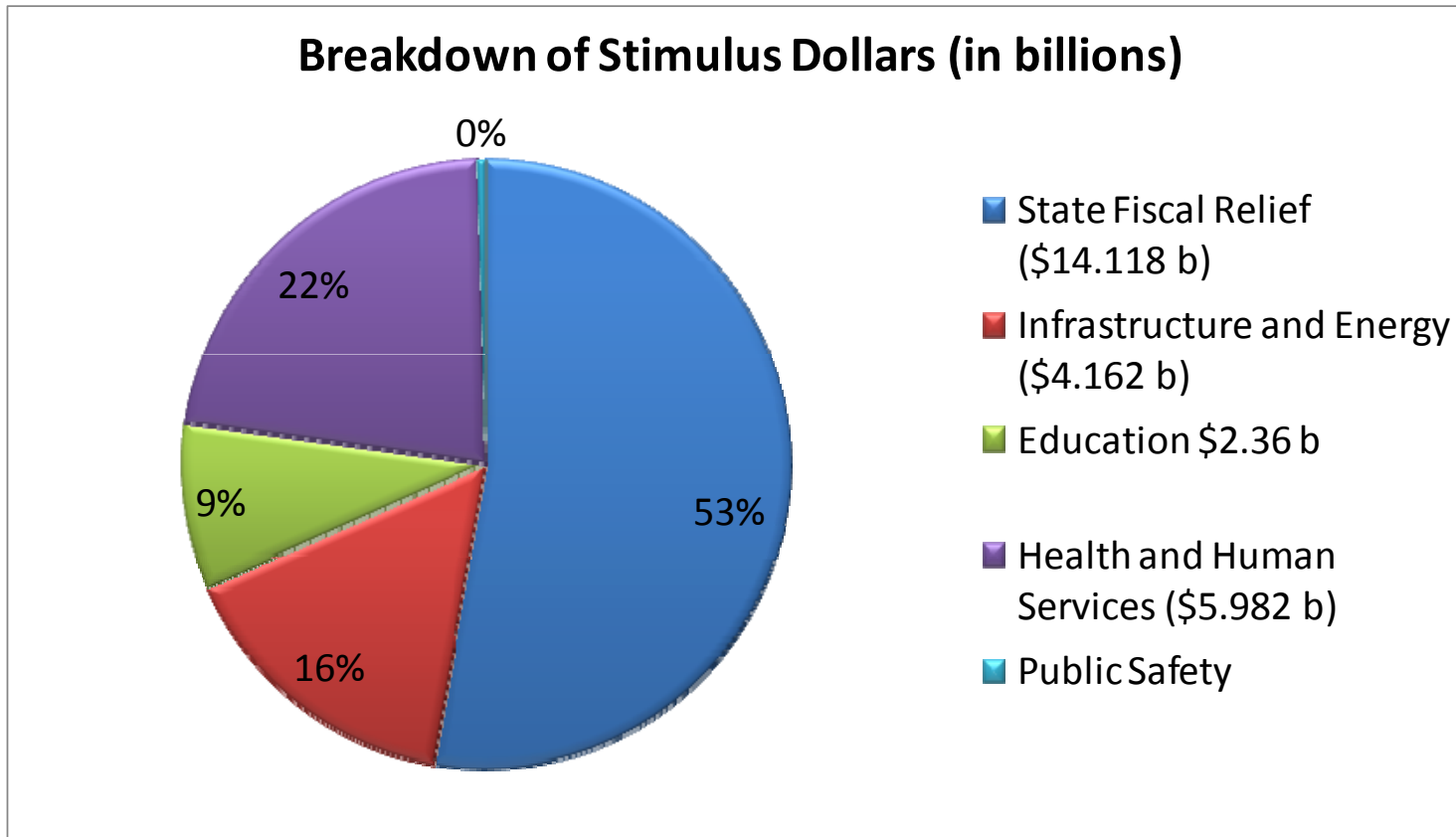
FIGURE 2

**Federal Recovery Funding Is Closing Almost One-Third of New York's Budget Deficit for Fiscal Years 2009 and 2010**

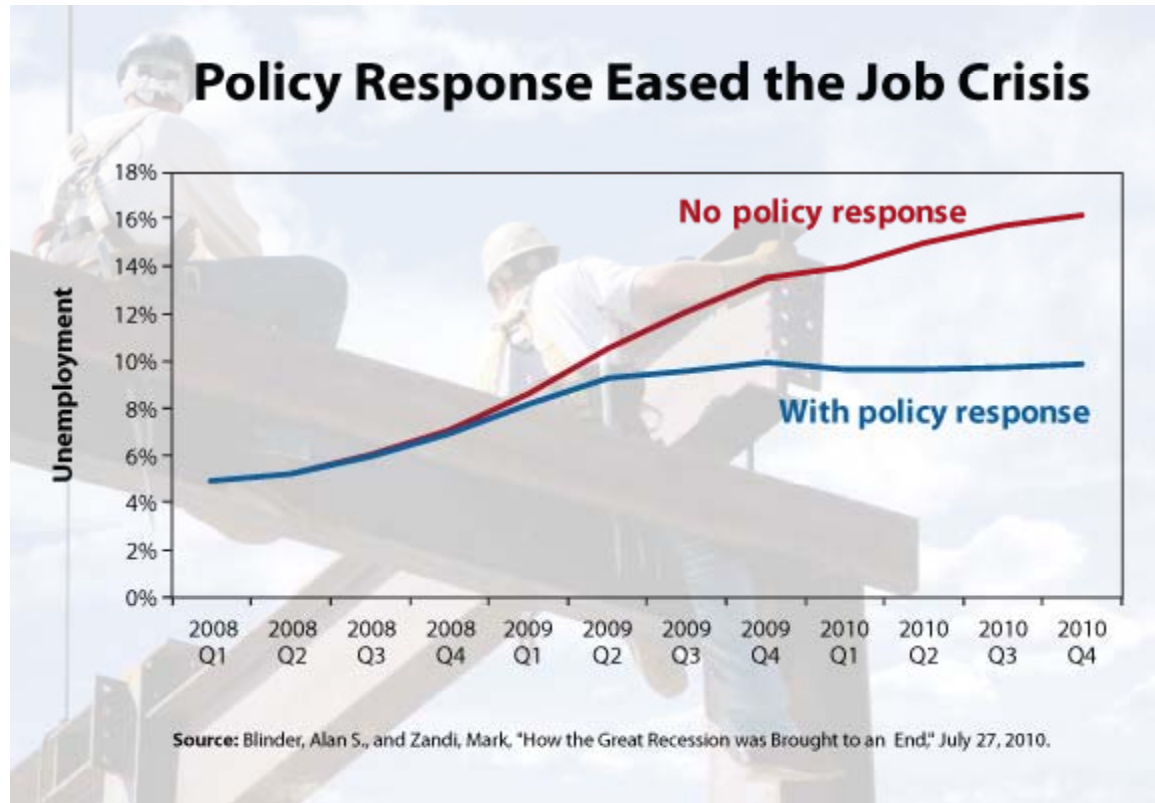


Center on Budget & Policy Priorities, *Federal Fiscal Relief Is Working for States As Intended*, June, 2009

# Breakdown of Stimulus Dollars



# WITHOUT FEDERAL INTERVENTION, UNEMPLOYMENT WOULD BE NEAR 16%



Source: Economic Policy Institute

# NY's Fiscal Year 2011 Budget = \$136 Billion

Without the infusion of Recovery Act money, the budget fails to adequately maintain funding to protect vulnerable and working families, strengthen education or do nearly enough to preserve or create jobs.

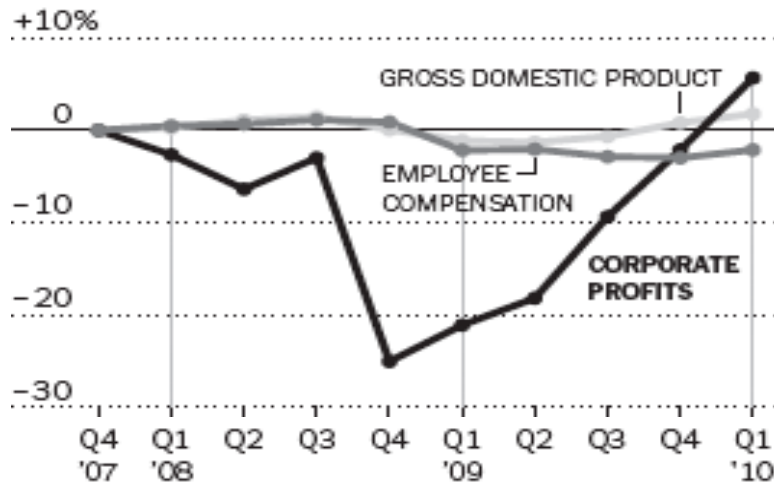
“Corporations have figured out a way to make money without resuming hiring. Their model is premised on not resuming hiring. If the public sector doesn't fill the gap, the era of American prosperity is history. “

*Hal Myerson, Washington Post, July 28, 2010*

### Pay Lagging Behind Profits

Corporate profits had rebounded strongly even before the latest earnings reports, and are above where they were before the recession started. Meanwhile, employee compensation has been slow to recover, and corporations have been hoarding cash at levels not reached since the mid-1960s.

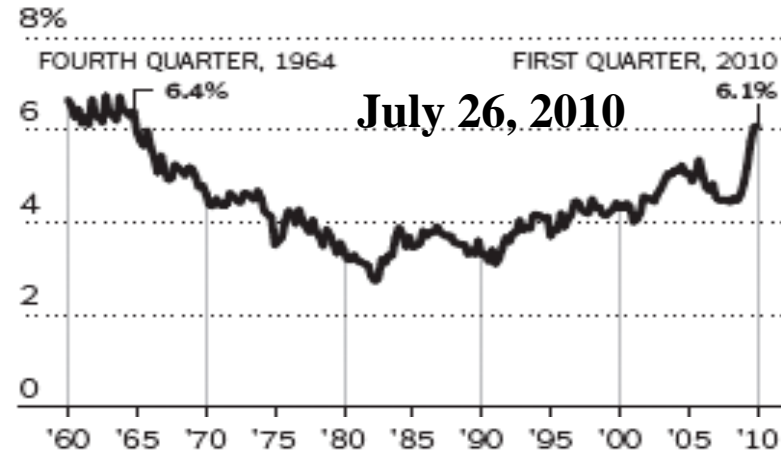
**CORPORATE PROFITS VS. EMPLOYEE COMPENSATION**



Source: Credit Suisse

New York Times, July 26, 2010

**CASH AS A SHARE OF CORPORATE ASSETS**



The New York Times



TO OUR ELECTED  
& APPOINTED  
OFFICIALS:

What is the State and  
City doing?

# WHAT SHOULD WE AS CITIZENS BE DOING?

How do we change the culture in  
Washington, DC?





# Tonight's Speakers

New York City AIDS Housing Network

Community Voices Heard

The Drum Major Institute

Elizabeth Segal, Director, Office of Intergovernmental Affairs,  
New York State Office of Temporary and Disability Assistance  
&

Linda Camoin, Housing Services Program Manager, New York State Office  
of Temporary and Disability Assistance

John H. Moye, Commissioners' New York City Regional Representative,  
New York State Department of Labor

Councilman Brad Lander

Councilwoman Letitia James