

Club Meeting Preview:
**The Governor's FY 2024
Proposed Budget: What it
Means for Affordable
Housing, MTA Funding,
the Arts, Minimum Wages
and More**
By Wendy Diller

The state budget negotiations for fiscal year 2024 are underway in Albany. At our March Club meeting, the speakers will discuss the progress of negotiations and what the budget could mean for priority issues like affordable housing, the future of the MTA, the arts, minimum wages, and so on.

The deadline for finalizing the state budget is April 1, and lobbying in Albany has been intense.

Here's a primer on key hot button issues in the Governor's proposals for the upcoming year, from the perspective of left-of-center and progressive Democrats. While controversies typically surround the budget process, this year's discussions are particularly fraught, given the high stakes and unusually uncertain economic outlook in New York State.

The sheer size of this year's budget and the Governor's delicate relationship with state legislators add to the tensions. As New Yorkers enter unusually uncertain and opportunistic times, we all have a stake in the outcome,

It's useful to note that, by all accounts, the Governor's proposal is fiscally and politically conservative, reflecting a fairly negative view of NYS's economic outlook for 2023 and subsequent years. In a move that is somewhat controversial even among progressives, she is proposing to set aside roughly \$9 billion in additional rainy day funding -- an amount that would be added to \$8.7 billion that is already in the fund.

It is worth noting that about half of the state's operating revenues of about \$125.2 billion is expected to come from personal income taxes in FY 2024, and 19% will come from business taxes -- the remainder comes from sales taxes (17%) and other assorted taxes. The operating funds, as in years past, are used to fund education (30%), healthcare, namely Medicaid (25%); higher education (9%); mental hygiene (8%); transportation (5%), social

welfare (4%), and debt service (3%). About 17% would go to assorted programs like economic development, parks, the environment, and elected officials.

A sampling of progressive budget priorities includes:

- **Minimum wage indexing:** The Governor's proposal to tie minimum wage increases to inflation has too many limitations and flaws.
- **Asylum funding for NYC:** The Governor's proposal of nearly \$1 billion in state funding to aid NYC's efforts to shelter and support asylum seekers is too little. That said, both the city and Governor believe the federal government must step in with more.
- **MTA:** The state proposes a number of actions to support the MTA, which is facing significant budget gaps. Progressives have mixed views on these.
- **Education and affordable housing:** These funding proposals are less controversial, although there are differences on policy issues, such as charter schools and raising tuition at SUNY. Progressives also oppose

a state proposal to cut spending on an emergency rental assistance that offered support to low-income renters during COVID.

- **Economic development:** The governor budget offers a series of tax credits and incentives targeting certain industries (film, agriculture, the Micron semiconductor manufacturer deal), but progressives selectively see some of these as giveaways to corporations that are ineffective in creating new jobs in local communities.

Some progressive groups are calling for changes to tax policies to raise new revenues on a sustainable basis and, importantly, to make the state's currently regressive income tax structure more progressive. State Sen. Brad Hoylman-Sigal, who sits on the state Senate Finance Committee, is co-sponsoring one of the several revenue-raising bills now introduced into the legislature, which involves making a temporary and very modest tax increase on NYS corporations permanent. While these proposals are separate from the Governor's proposed budget, they are typically considered in tandem with that budget.

The liberal-leaning Fiscal Policy Institute has this to say in its annual *Budget Briefing Book: Fiscal Year 2024*:

“This year’s Executive Budget by and large maintains the fiscal status quo. While state operating funds would grow by 2%, after accounting for inflation this would be a 1.4% decrease in total spending. The budget makes good on the Governor’s promise to fully fund foundation aid, and allows normal Medicaid spending growth, but otherwise makes minimal investments in programmatic spending areas. The Governor’s proposal to index the minimum wage to inflation includes too many limitations, leaving low-wage workers worse off in real terms than they were before the pandemic. The proposed expansion of childcare subsidies is significantly lower than in previous years, and it fails to move towards a universal system. The proposed funding for the MTA is both short-term and fails to close the budget gap. Rather than sustained social investment, this Executive Budget seems to put its hope in tax breaks for businesses to improve the quality of life for working New Yorkers. Indeed, the Executive Budget’s apparently ambitious housing agenda relies largely on tax incentives, while allowing

a billion-dollar rental assistance program for low-income tenants to expire.”