



NEW YORK STATE SENATOR

Liz Krueger

## Senator Krueger's Community Bulletin: August 2011

LIZ KRUEGER August 23, 2011

| ISSUE: **AGING, BANKS, HOUSING, INSURANCE, LABOR**

### **Message from Liz . . .**

Once again our leaders in Washington are fighting over cuts to the deficit, while our economy teeters on the brink of a "double dip" recession. At the federal, state, and local levels, the focus is on cutting programs rather than increasing revenues. But what many of these leaders have chosen to ignore is the fact that this strategy will have radical macro and micro economic and political consequences for decades to come.

Take a look at the chart to the left. Please understand how dire these federal cuts will be on everyone! You might not think you will ever need to collect unemployment...but stop and consider how many people you know who've lost their jobs in the last three years. Maybe you don't think cutting government education aid to poor children will impact you personally. But do you think that our country will somehow gain an economic competitive advantage with even lower educational outcomes? And what about destroying funding for public health (CDC) and health research (NIH)? Are we really trying to say we've solved all those issues? Please think about this: instead of creating a fair, progressive tax system in this country, we are trading vital programs away.

Did you read Warren Buffett's OpEd in the August 14th New York Times ("Stop Coddling the Super-Rich")?

"OUR leaders have asked for "shared sacrifice." But when they did the asking, they spared me. I checked with my mega-rich friends to learn what pain they were expecting. They, too, were left untouched....

While the poor and middle class fight for us in Afghanistan, and while most Americans struggle to make ends meet, we mega-rich continue to get our extraordinary tax breaks. Some of us are investment managers who earn billions from our daily labors but are allowed to classify our income as "carried interest," thereby getting a bargain 15 percent tax rate. Others own stock index futures for 10 minutes and have 60 percent of their gain taxed at 15 percent, as if they'd been long-term investors...."

He's talking about a decent number of my constituents, although I am more likely to be called upon for help from frail elderly constituents who can't afford both their rent and their prescription medications; or parents wondering how their children can actually be "wait listed" for a seat in their over-crowded public school; or people who are middle aged but have been unemployed for so long that they are scared that there is no place for them in the "new economy"; or 20-somethings who tell me they think they'll be working into their 70's because they don't expect a Social Security/Medicare system to be in place for them.

So, as just one of your elected officials in a community of Manhattan that includes a disproportionate number of well-off, wealthy and super rich --- if you agree with Warren and me, could you please make some noise? Mr. Buffett is from Nebraska -- a fine state. But elected leaders in New York and Washington need to hear you demand a change in direction so we can get this country back on track. Tell the President, the Governor, the Mayor and every member of Congress. Tell us! We need to hear your ideas and your support in order to

take unpopular positions. I am told I am insane to support higher taxes for the rich -- I represent the wealthiest Senate District in the state. But the true insanity comes from those who are pushing to strip our country of the type of government that has made it great. We cannot allow this to happen; we must push back.

I teach high school students in my annual youth civics program that voting is not enough. Holding on to our frail participatory democracy requires strong and immediate action.

When Congress returns to Washington after its August recess, it will enter the next phase of consideration under the recently passed debt ceiling deal. The Joint Select Committee on Deficit Reduction (also known as the "Super Committee") will hold its first meeting and begin to develop plans to cut the deficit by an additional \$1.5 trillion. It is critical that this next round of cuts does not impose greater damage on our nation's safety net.

And yes, there is a way we can prevent these cuts and protect these services. Increasing tax revenues from large corporations and those most able to pay must be on the table.

### **Community Spotlight**

**Join Sen. Krueger & Congresswoman Maloney to**

**PROTEST THE PROPOSED EAST SIDE MARINE TRANSFER STATION**

Saturday, August 20th

10:30 am

92nd St & York Ave (NW Corner)

Come speak out against plans to build a garbage transfer station on the East River at 91st Street, urge the Army Corps to extend the comment period and call for a public hearing.

\*Further information on the Army Corps public comment period, including how to submit comments, is below.

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**UPCOMING COMMUNITY FORUMS ON**

**PARKS & WATERFRONT ACCESS**

**ON THE EAST SIDE**

Thursday, September 8, 2011

4:00-7:00 pm

Sutton Place Synagogue

225 East 51st Street (between Second and Third Aves.)

Tuesday, September 20, 2011

5:00-8:00 pm

NYU Langone Medical Center (Smiloh Seminar Room)

550 First Avenue (@ East 30th Street)

Please visit [www.eastsideopenspace.com](http://www.eastsideopenspace.com) for more information.

The public is invited to share their views, in person or on the website.

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**10th Anniversary of September 11th Remembrance Event:**

You may have heard that it is nearly impossible to secure a ticket to the official NYC 9/11 Remembrance event at the WTC site. However for those of us who wish to be with others that day, Lower Manhattan's Community Board 1, which includes the WTC site, has organized an event where everyone can participate.

Hand in Hand—Remembering 9/11 is a public community event designed to bring thousands of people together to stand in unity, in remembrance of the attacks of September 11, 2001. They expect thousands will gather along lower Manhattan's west side waterfront to hold hands and form a human chain

The event takes place on Saturday, September 10, 2011. Check-In stations open at 7:30am and people will grasp hands at 8:46am, the exact time the first airplane struck the North Tower. Check-In stations will close promptly at 8:15am, so please arrive before then

To participate you must pre-register through the website listed below. Registration for Hand in Hand – Remembering 9/11 is easy and free. You can either register as an individual or as a group. If you'd like to be assigned to stand in the same location with your friends and family, you should register as a group.

Website to register: <http://handinhand911.org/register-now>

## **Opportunity to Comment on Proposed Marine Transfer Station:**

After requests from myself, other elected officials and community groups, the Army Corps of Engineers has agreed to solicit public comment on the City's effort to secure a permit that would be necessary for the establishment of a Marine Transfer Station at East 91st Street. The permit is needed to construct a new dock in the East River. I have worked with the community for years in opposition to a transfer station at this particular location and will be submitting comments to the Army Corps of Engineers urging them not to approve the permit. I urge others concerned about this issue to do the same and to attend the protest highlighted above.

The Army Corps of Engineers will be evaluating the permit application on very specific grounds. They are concerned with the impact of proposed construction on fish habitat, as well as any impact on the navigability of the waterway. Therefore, public comments that address these issues will be most effective. While many of my concerns regarding the Marine Transfer Station relate to its impact on the surrounding residential neighborhood, there is no question that it will also impact the delicate and highly taxed ecosystem of the East River, and that the increased barge traffic in the area would impact navigation in this narrow estuary known for its treacherous currents.

Public comments are due by August 24th, and can be mailed to Ms. Naomi Handell, Department of the Army Corps of Engineers, New York District, 26 Federal Plaza, Room 1937, New York, NY 10278.

**A Message from Chase Homeownership Center**

Constituents who are having trouble making their mortgage payments or want to apply for a mortgage modification, should contact the Chase Homeownership Center at 718-286-5190 to make an appointment for

one-on-one counseling. The Manhattan Center is located at 530 Fifth Avenue (at 44th Street). In order to get expert service, it is strongly advised that you make an appointment.

### **NYU Hosts Breast Cancer in Women of Color Day of Empowerment:**

On September 24th, the NYU Cancer Institute is hosting a day of empowered learning and sharing for women at risk or previously diagnosed with cancer, and those who care for them. This year's program has been designed with a focus on taking charge of your health and empowering yourself through knowledge and action. The event will take place on Saturday, September 24th from 8:30 am–1:00 pm at Club 101, 101 Park Avenue (At East 40th Street). RSVP IS REQUIRED. To RSVP call 212.263.2266, e-mail [NYUCIcommunityprograms@nyumc.org](mailto:NYUCIcommunityprograms@nyumc.org) or reserve online at [www.nyuci.org/rsvp](http://www.nyuci.org/rsvp). For more information, visit <http://cancer.med.nyu.edu/node/777>.

### **Volunteer Opportunities at Free Arts NYC:**

Free Arts NYC provides under-served children and families with a unique combination of educational arts and mentoring programs that help them to foster the self-confidence and resiliency needed to realize their fullest potential. They seek volunteers from diverse backgrounds to help reach over 1,700 under-served kids each year through Saturday arts festivals and weekly arts-based mentoring groups for youth ages 6-12, and an 8-week collaborative art experience for families. Programs take place in shelters, group homes,

public and charter schools and other agencies throughout Manhattan, Brooklyn and the Bronx. There are a variety of ways for volunteers to get involved, from single day commitments to regular, weekly mentoring opportunities. Free Arts NYC is currently recruiting for their Fall Weekly Mentor Program and Parents and Children Together with Art (PACT). To find out more about volunteer opportunities and apply, please visit [www.freeartsnyc.org/volunteer/volunteer.asp](http://www.freeartsnyc.org/volunteer/volunteer.asp). For more information, please email [volunteer@freeartsnyc.org](mailto:volunteer@freeartsnyc.org).

### **Institute for Senior Action Begins in September:**

The Jewish Association for Services for the Aged (JASA) is offering a 10-week program through its Institute for Senior Action (IFSA) for older New Yorkers to learn how to get more involved in the legislative process and be an effective advocate. The program integrates critical aging policy issues with practical grassroots action. Classes focus on a wide variety of subjects including: navigating the federal, state and local legislative processes, public speaking, understanding senior benefits and entitlements, techniques of social action, and much more.

The course begins Wednesday, September 21st. Sessions will be held 10:00 a.m. to 2:30 p.m. at JASA Cooper Square, 200 East 5th Street, New York, New York.

To request an application, contact Bola Aribidesi, Project Director of the Institute for Senior Action, 212-273-5261; [ifsa@jasa.org](mailto:ifsa@jasa.org), or download one from [www.jasa.org](http://www.jasa.org). The total cost for the 10 weeks is \$75, with limited scholarships available.



### **West Nile Virus Found In New York City:**

The recent wet weather has contributed to an increase in mosquito breeding throughout New York City, and testing by the New York City Department of Health recently found mosquitoes carrying the West Nile Virus in every borough except Manhattan. In order to reduce the risk of further spread of the virus, please call 311 report any areas of standing water in your neighborhood that have not drained away. You can also find additional information on protecting yourself and your family from West Nile at <http://www.nyc.gov/html/doh/html/wnv/wnvfact.shtml>.

### **Affordable Housing Opportunities in Manhattan:**

200 East 125th Street Apartments is now accepting applications for 28 studio, one-, two- and three-bedroom apartments under construction in 128 West 128th Street in Harlem for low and moderate income individuals and families. Rents for these units will be \$799 to \$1176 depending on unit size. To be eligible, applicants must have incomes between \$27,393 to \$55,140, depending on unit and family size. Applications will be selected by lottery. Applicants who submit more than one application will be disqualified. Preference will be given to New York City residents. Applicants residing in Community Board 11 will receive priority for 50% of the units. In addition, visually/hearing impaired applicants will receive priority for 2% of the units, applicants with mobility impairment will receive priority for 5% of the units, and applicants who are New York City municipal employees will receive preference for 5% of the units. Qualified Applicants will be required to meet income guidelines and additional selection criteria. Applications may be DOWNLOADED from: [www.200east125.com](http://www.200east125.com) or requested by regular mail from: 200 East 125th Street Apartments c/o: Richman Property

Services, Inc., PO Box 5574, New York, NY 10027. Please include a self-addressed envelope with your request.. Completed applications must be returned by regular mail only (no priority, certified, express or overnight mail will be accepted) to a post office box listed on the application, and must be postmarked by September 29, 2011.

## **Policy Spotlight**

### **Unemployment Insurance**

If you are an employer, you have likely received a notice from the NY State Department of Labor stating that you will have to pay up to \$21.25 per employee as part of the Interest Assessment Surcharge (IAS). Many employers have contacted my office to express their frustration with this surcharge and believe it is another unexpected and burdensome cost of doing business in New York. But the IAS is only a part of a much larger problem for our state, one that could lead to drastic tax increases for businesses; the real problem we are facing is an insolvent unemployment insurance trust fund.

Due to the economic downturn, many states, including New York, exhausted their unemployment trust funds, which pay out benefits to unemployed individuals. Because our trust fund was insolvent, New York had to borrow money from the federal government to make benefit payments. All totaled, New York State has borrowed \$3.5 billion, which will need to be repaid. In 2009 and 2010, the federal government made these loans interest-free. However, since they have not extended that provision through 2011, New York must pay roughly \$95 million in interest on these loans by September 30th, 2011. Because federal law prevents New York from using general unemployment taxes to pay off the interest, the state

was forced to collect the new maximum of \$21.95 through the IAS. This is just to pay interest....we still owe the principle, and may need to keep borrowing if the economy does not turn around.

Having a bankrupt trust fund affects business owners in many ways. Employers' federal and state unemployment tax rates are partially determined by the solvency of our trust fund. Simply put, a solvent fund lowers employers' taxes; an insolvent trust fund raises them. Additionally, without a solvent trust fund, New York faces an even more dismal situation if another recession occurs. The state will be forced to borrow billions more from the federal government, thereby significantly raising employer taxes, and/or drastically cut weekly benefits to the unemployed.

If the legislature fails to act to correct this problem, the federal government will begin collecting on the \$3.5 billion loan. They will hit each business with federal tax increases per employee, beginning in 2012, until the federal loan is repaid. According to the National Employment Law Project, it is estimated that the full repayment of this loan would not be made until 2018.

This will wind up costing NYS employers a minimum of \$5 billion: \$1.5 billion in interest payments( IAS) plus the repayment of \$3.5 billion for the loans (which will be much more if the unemployment rates continue to be so high). Plus, our trust fund would still be insolvent and increasingly susceptible to another recession.

An insolvent trust fund is also bad news for the unemployed. Unemployment benefits are a vital safety net for New Yorkers who lose their jobs through no fault of their own. These benefits have kept families in their homes and food on the table. Economists agree that these benefits stimulate the economy because the unemployed put the money they receive right back into the economy. For every dollar spent on unemployment benefits, up to \$1.90 of

economic activity is created. Unfortunately, New York's maximum benefit rate of \$405 is significantly lower than many neighboring states, including New Jersey (\$598) and Massachusetts (\$625). For residents of New York, especially New York City, \$405 a week does not even cover rent, let alone food and utilities. New York has not raised its maximum benefit rate since 1998.

It is clear that continuing to run an insolvent unemployment insurance trust fund will lead to dire consequences. Without state action, we will owe more money to the federal government, which will be recouped through more taxes on businesses. It is past time for our government to address this issue for the long-term fiscal health of our trust fund.

There are currently two pieces of legislation, one federal and one state, that I strongly believe will enable New York to bring our trust fund into solvency and also provide greater benefits for the unemployed. Senator Dick Durbin of Illinois has put forth legislation (S. 386) that would waive both the interest fees on federal loans for the next two years and the requirements that the states increase their taxes on employers to pay back the interest. Employers would be refunded the IAS they are currently required to pay. This bill would allow New York to work on paying off the original loan while avoiding significant tax increases on employers.

On the state level, legislation which I co-sponsor (S. 673) has been introduced to gradually raise the taxable wage base and maximum benefit rate for unemployed individuals. This would bring New York State's unemployment trust fund into solvency by indexing the taxable wage base with growth in state average wages. According to the National Employment Law Project, this single policy initiative makes states three times more likely to remain solvent, even during difficult fiscal times. The taxable wage base is the amount of employee wages subject to unemployment taxes. New York State has not raised the taxable wage base since 1998, which has caused, in large part, our trust fund's insolvency. Our current

taxable wage base of \$8,500 is drastically lower than the national average of \$15,717.

My bill, S. 673, would increase the taxable wage base incrementally each year from the current \$8,500 until it reached \$13,500. It is important to keep in mind that while this proposal does raise the amount of income subject to state and federal unemployment taxes, it will effectively lower the actual unemployment tax rate for employers by bringing the trust fund into solvency. Additionally, if the federal bill also passes, this will allow New York to more quickly and cheaply pay off the balance and interest of the loan from the federal government, thereby avoiding the need to impose more taxes on employers. Should New York enter into another recession, we will have a fiscally sound trust fund to sustain benefit payouts while not drastically raising taxes on employers in the long term.

This legislation would also gradually increase the maximum benefit rate. As discussed earlier, our current benefit rate simply has not kept up with cost of living increases. Since 1998, when the rate was last increased, the spending power of \$405 has declined 20% to roughly \$325. With this legislation, the maximum benefit would gradually increase up to \$650, after which the maximum benefit would equal one half of the state's average weekly wage. In times of significant unemployment and an economy struggling to create jobs, we must ensure that those relying on unemployment benefits as a vital safety net can actually provide for their families. This bill would go a long way to keeping unemployed New Yorkers afloat.