

New York State budget: Tax breaks for the rich, continued attacks on basic services

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The newly adopted New York State budget for the 2014-2015 fiscal year, totaling \$138 billion, is an increase of roughly 2 percent over last year. As proposed at the beginning of the year by the state's Democratic governor, Andrew Cuomo (See "New York's Democratic governor plans major tax cuts for the wealthy"), the budget includes tax cuts for the financial and corporate elite, paid for by continued attacks on education and social programs.

In a highly undemocratic maneuver, the budget agreement, which was reached during closed-door negotiations between the governor and leaders of the Republican-controlled State Senate and Democratic-controlled Assembly, was announced late Friday and passed on Monday. It thus met the April 1 deadline for enacting a new budget, but left no time for the public to analyze and react. Much of the budget's details were not revealed until Sunday.

The near-unanimous praise for the budget among both Democrats and Republicans illustrated the fact that there are no significant differences between these parties of big business when it comes to economic and social policy.

The primary tax reductions for business are made to the state's corporate income tax rate, decreased from 7.1 to 6.5 percent (the lowest since 1968), as well as cuts in taxes on the banking industry and income taxes on manufacturers. The latter would drop to zero from 5.9 percent.

The exemption for the estate tax (taxes on inherited wealth) will rise from \$1 million to \$2.06 million this year and increase to \$5.25 million by 2017.

Homeowners would get modest tax rebates if their municipal government keeps local property tax increases to no more than 2 percent or the rate of inflation, whichever is less. In effect, this is a bribe to coerce communities to consolidate and find "efficiencies" in municipal services, inevitably leading to wage reductions

and layoffs for the municipal workforces. In addition, during the second year, municipalities would have to enact budgets that reduce spending by 1 percent over each of the subsequent three years in order for residents to continue receiving state rebates.

According to published estimates, the maximum total rebate would be \$1.5 billion distributed among 2.8 million taxpayers over three years, making the average annual rebate a mere \$178, but allowing Cuomo and the other politicians to claim that they have provided "tax relief" for ordinary citizens.

The budget also includes a range of giveaways to corporations, including \$680 million in the Buffalo region in the western part of the state. This and previous installments total a billion dollars given in various forms to businesses in the region over the last few years.

In order to make these tax cuts and corporate benefits possible, attacks on education and social programs are continued and expanded. While many details have yet to be revealed, the budget's effects on public education are already evident, including funding for pre-kindergarten programs, charter schools and public universities.

A political and media circus has been staged over the last few months, supposedly pitting the state's governor, Andrew Cuomo, against the mayor of New York City, Bill de Blasio, over the issue of establishing universal, public pre-Kindergarten (pre-K) school programs for four-year olds. Both are Democrats, but de Blasio is styled as a "progressive" and made economic inequality a major talking point of his campaign last year.

The mayor proposed a minimal tax increase on city residents with annual incomes of half a million dollars in order to fund the pre-K program. City taxes must be approved by the state government, however, and it was clear from the start that acceptance of this proposal was highly unlikely.

Cuomo, who is running for re-election this year, has

made cutting taxes on the rich a primary goal of his administration. He was, therefore, intent on preventing any tax increases, no matter how minor, that could detract from his image as a “fiscal conservative.” Throughout his first term in Albany—with the prospect of a presidential run at some point in the future—the governor has sought to demonstrate his total allegiance to the financial and corporate elite.

For the mayor, the pre-K issue provided the opportunity to posture as a populist who was willing to fight the city’s wealthy elite, but without any real possibility that his proposal would end up causing them even the slightest economic discomfort. This charade was part of de Blasio’s election campaign strategy, which sought to exploit and at the same time contain the widespread anger against the anti-working class policies of his predecessor, billionaire Michael Bloomberg.

In the end, the newly adopted state budget contains a pre-K provision with \$40 million less than de Blasio had said was necessary to establish the program in the city, and a totally inadequate amount of \$40 million for the rest of the state. The mayor’s proposed tax on the city’s wealthy, which was supposed to provide a reliable funding base for the program, is a dead issue, with money for the program coming from taxes on the general population.

Independent estimates place the cost of a statewide, full-day pre-K at \$1.4 billion to \$2 billion a year. The current budget allocates only \$340 million.

Thus the city is left with a stunted pre-K program, which may be reduced or eliminated in future budget cycles, while the rest of the state, where roughly half of the population lives and which is suffering from severe economic distress, gets almost nothing for early childhood education. Both the mayor and the governor claim victory and the media portrays the result as a victory for pre-K education, while the public education system continues to be dismantled.

The new state budget’s assault on public education includes a substantial boost for charter schools. Mayor de Blasio had campaigned against the provision, free of charge, of space to charters in existing public schools. Such so-called “co-locations” substantially worsen the already overcrowded and inadequate facilities for non-charter students, while transferring cost-free resources to the privately managed charters. Despite de Blasio’s supposed opposition to charter school co-locations, he had already approved 14 of 17 proposals for such arrangements. The new budget requires the city to either

offer co-locations to all charters or provide funds for alternate locations.

The budget increases the per-student payments to charter schools and opens the door for them to provide pre-K programs, continuing the drive toward privatization of the public school system.

The budget also mandates that teacher evaluations must be based in part on their students’ scores on tests keyed to the Common Core curriculum, which is being imposed without adequate preparation or consultation with teachers.

Despite an increase of 5.6 percent over last year, funding for public education statewide has not recovered to the level that existed prior to the 2008 financial crash. The prioritization of tax cuts for the rich over education is a conscious policy. An Assembly member from the city of Buffalo, Democrat Sean Ryan, stated, “Make no mistake, we understand most districts are getting less state aid than four years ago, and we understand the layoffs and pain that has caused across New York State.” A poll of New York State school superintendents indicated that one-third of them expect their districts to be insolvent within four years.

Public higher education also suffers under the new budget. The Tuition Assistance Program, a basic support for working class college students, received a meager \$165 increase, to a maximum award of \$5,165. This is the first increase in 14 years, and is a pittance compared to the annual cost of education at SUNY colleges. For the current school year, typical costs, including tuition, fees, room and board and other expenses, is nearly \$23,000 for in-state students and over \$32,000 for those from out of state. Student debt nationwide now exceeds a trillion dollars, leaving graduates with a crushing financial burden. For many young people, a college education is becoming unaffordable.

Attacks were also made on funding for staff. A request from the State University of New York (SUNY) for \$82 million to cover the costs of collective bargaining agreements of certain categories of employees was rejected.



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