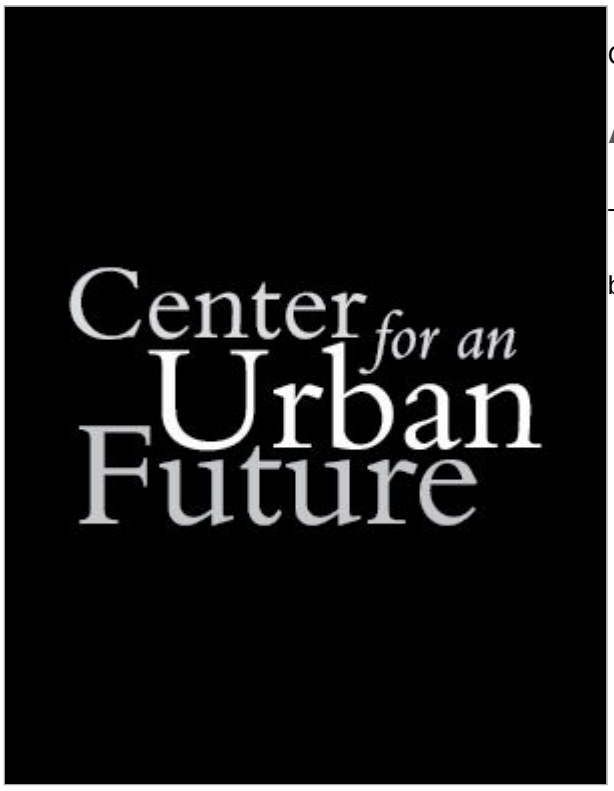


Commentary/Op-Ed - February 2002

Albany Must Do More For the City

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by Jonathan Bowles

No one's happy with Mayor Bloomberg's plans for closing a $4.8 billion budget gap--from borrowing $1.5 billion to cutting back senior centers and libraries--but with the city facing its largest-ever deficit, there don't seem to be good alternatives.

There's one option available, however: requesting--or demanding--more financial support from Albany.

In outlining his budget, the mayor called on Gov. Pataki and legislative leaders to do a few things that would let the city help itself, like passing tort reform and permitting increases in parking fines and the cigarette tax. But New Yorkers should expect far more from Albany.

The city's economic expansion during the 1990s drove the state's economy, allowing Albany's coffers to remain flush even while upstate was sputtering. Revenues from Wall Street and the city's then-growing technology sector gave the governor surpluses that allowed him to enact expensive but politically popular tax cuts. And the city's prosperity gave state leaders the cover for commuter tax repeal, which benefits suburban dwellers but costs the city $300 million a year.

For years, the state has sent a disproportionately large share of public school aid, economic development grants and other assistance to upstate and suburban communities at the city's expense. In essence, state officials let the city take care of its own problems. After all, things in the five boroughs were good.

But today, the city can no longer help itself. Sept. 11 has left it physically scarred and in a fiscal crisis. The federal government is providing funds to help the city rebuild, but that won't help the budget recover from the loss of 96,000 jobs since 9/11 or the many corporations that have moved to safer spots in the suburbs.

The city not only needs Albany's financial support, but deserves it. Yet thus far, Albany has shown astonishingly little willingness to provide real relief.

Pataki's budget is particularly galling in the way it shortchanges the city. It leaves the cost of cleaning up and rebuilding lower Manhattan to the feds, which is no sure thing. Unrestricted aid from the state to the city remains unchanged, even though it increases for counties outside the city. And the budget fails to fix the school aid formula that has long discriminated against city school children.

Most upsetting is the way Pataki's budget leaves the city out of his economic development plans. Although the city'seconomy clearly needs a shot in the arm, the governor's ambitious new investment program--the Empire Opportunity Fund--excludes the five boroughs. And his plan to fund biotech and high-tech districts around the state once again favors upstate and Long Island.

Meanwhile, legislative leaders have all but ruled out restoring the commuter tax or reinstating the $100 million-a-year stock transfer tax payment to the city, which was eliminated last fall after being in effect for more than two decades.

To be sure, the state faces its own budget deficit and isn't in a position to pump billions into the city. But restoring the commuter tax wouldn't affect Albany's purse. And just as they approved emergency aid packages and development grants for suffering upstate cities during the last decade, the governor and Legislature now have all the justification in the world to provide a larger share of state aid to the city, even if only for one year.

Bloomberg is right not to count on Albany. Facing budget deficits that only get larger down the road, the city desperately needs to cut its recurring expenses. But Albany certainly could--and should—-make the mayor's job a lot easier.

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