

The Fiscal Cliff:

How Looming Program Cuts and Tax Hikes Could Affect New York City Residents

November 2012



**FISCAL
CLIFF
AHEAD**



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EXECUTIVE SUMMARY

The effects of Hurricane Sandy are still being felt throughout the New York City metropolitan region, as thousands remain without power, shelter, and the comfort of loved ones. As we continue to come together to rebuild our neighborhoods, there is another storm looming on the horizon that is poised to strike a significant blow not only to New York economy and the pocketbooks of middle- and working-class families throughout the five boroughs, but to the very relief efforts now underway.

Unless Congress acts by January 1st, 2013, New York City and every other major city in the nation will be forced to confront the fall-out of devastating, across-the-board cuts to federal programs, a process known as sequestration, as well as the expiration of numerous Bush- and Obama-era tax cuts – a looming fiscal storm that many have dubbed the “fiscal cliff.”

If Congress fails to act, the effects of federal program cuts on New York City will be deep and wide-ranging, reaching from public housing and public safety, to legal services and the arts. The elimination of tax cuts for middle and low income people will further deepen the financial pain: for a middle class family earning \$100,000 in New York City, the additional tax hit will average \$4,000 per year.

This report details the effects of the fiscal cliff on the lives of New Yorkers and the agencies that serve them, using reports published by the Tax Policy Center and the federal Office of Management and Budget.

Taken together, the cuts to New York City and its institutions could exceed \$800 million in just one year. This figure does not include additional tax bills New Yorkers will face starting in 2013.

This report does not discuss all cuts, but rather provides a snapshot of the depth and breadth of cuts should they go into effect.

Potential federal funding cuts to New York City:

Disaster Relief

- Federal Emergency Management Agency (FEMA): **\$878 million nationwide.**¹

Housing

- Community Development Block Grants: **\$12.3 million**
- NYCHA Operating Budget: **\$75 million**
- NYCHA Capital Funding: **\$27 million**
- Section 8 Rental Assistance: **\$88.8 million (the equivalent of eliminating over 8000 Section 8 housing vouchers)**

Transportation

- Federal Transit Administration Capital Investment Grants: **\$27.75 million for East Side Access and Second Avenue Subway.**

¹ Unlike other cuts discussed in this report, the projected cut to FEMA is a national figure. We cannot make a projection regarding the effect on New York City because disasters, by their very nature, are spontaneous and unpredictable. However, given that FEMA has already dedicated over \$310 million to recovery/relief efforts in New York City and Long Island, the effects on the region in reduced disaster relief are bound to be significant.

Anti-Terror/Public Safety

- Homeland Security/Public Safety Grants: **\$25 million**
- Grants for Criminal Justice Research and Victim Services: **\$3 million**

Education

- National Endowment for Arts/National Endowment for Humanities: ~ **\$1.5 million.**
- National Science Foundation/National Institutes of Health: **Over \$100 million.**
- Department of Education Funding (Title I et al.): ~ **\$75 million**

Social Services

- WIC: ~ **\$19 million (equivalent to 30,000 families)**
- HIV Testing: **\$2.5 million (over 63,000 fewer HIV tests in NYC)**
- Workforce Development Programs (including for Veterans and Seniors): **\$2 million.**
- Homeless Services and Home Heating Assistance: **\$10 million each**
- Legal Services: **\$1.3 million**

World Trade Center

- September 11th Victims Compensation Fund: **\$24 million**
- World Trade Center Health Program: **\$14 million**

Potential Tax Hikes on New York City:

Also set to take place at the beginning of 2013 is the expiration of numerous tax provisions. While residents of all income levels will be affected by the expiration of the Bush tax cuts, lower-income New Yorkers will face a significant tax increase as a result of the elimination of President Obama's payroll tax cut and the sunset of tax credits, including the expanded Earned Income Tax Credit, passed as part of the President's stimulus bill. Estimates of the impact on New Yorkers include:

- A family earning \$100,000 will face an increase of nearly \$4,000, mostly from the expiration of the stimulus tax breaks and the payroll tax cut.
- Similarly, a family earning \$50,000—roughly the median household income in New York City—will see a tax increase of nearly \$2,000.
- For families in the bottom 20 percent of the income distribution, taxes will increase by an average of 3.7 percent, largely from the expiration of the EITC expansion.

Congress should work to avoid the fiscal cliff, while ensuring that the poorest Americans will not be saddled with additional burdens.

The pain described above—both tax increases for the poor and spending cuts that affect working class New Yorkers in all five boroughs—is avoidable if Congress and the President come together to find a balanced approach that recognizes the struggles of middle class families across the country and does not threaten our fragile economic recovery.

INTRODUCTION

“Uncertainty about how the fiscal cliff is going to be resolved is actually having an effect today on hiring and investment...One would think that prudent policy makers would avoid...plunging off the fiscal cliff.”

– William Dudley, President of the New York Federal Reserve Board (October 15, 2012) ²

In the spring of 2011, the country faced a looming crisis as the federal government approached its “debt ceiling”—the amount of money it was permitted to borrow. While Congressional approval of an increase

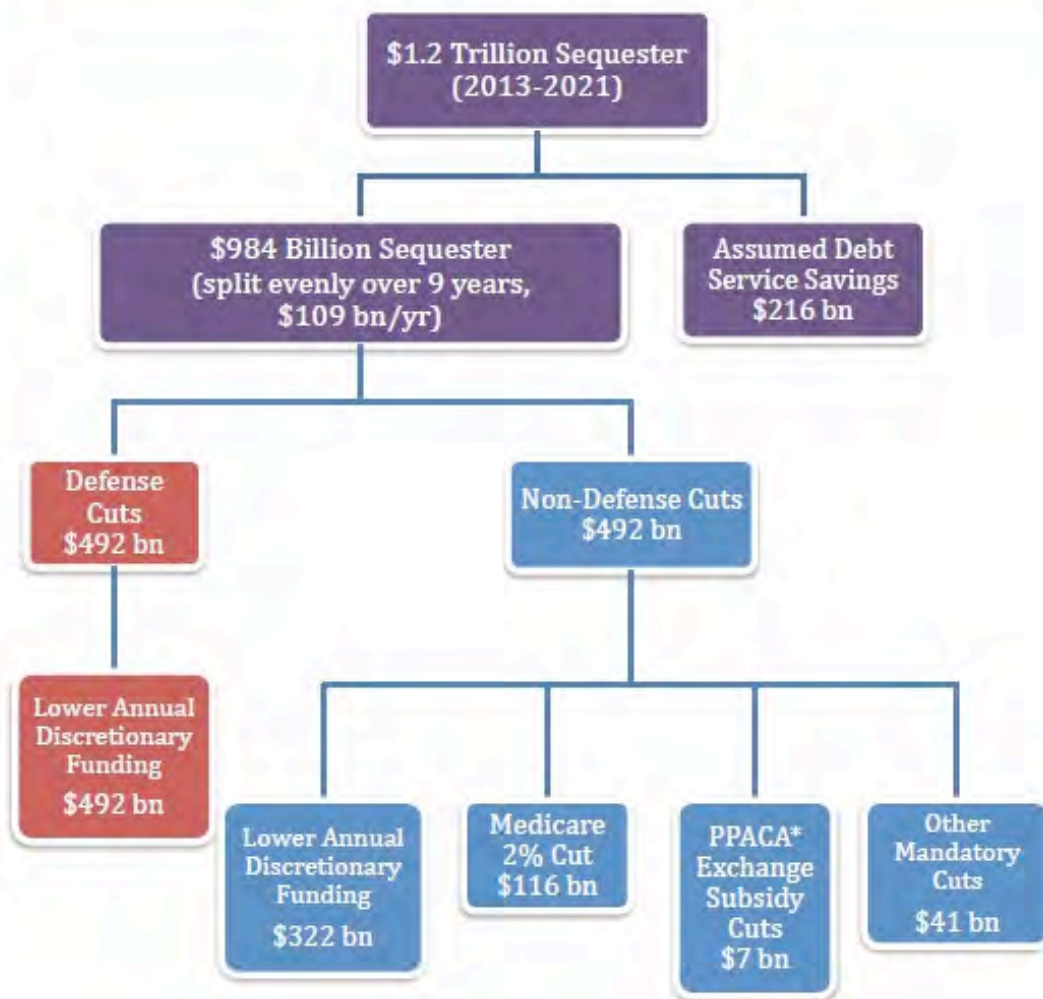
² <http://money.cnn.com/video/news/2012/10/15/n-ny-fed-reserve-chief-dudley.cnnmoney/>.

in the debt ceiling had long been a rubber stamp, newly-inaugurated Tea Party members were primed for a showdown over their seminal issue: public debt and the size of government.

After a tumultuous summer of near-agreements, Congress passed, and President Obama signed, the Budget Control Act of 2011 (BCA) one day before a threatened government shutdown. The BCA raised the debt ceiling. In exchange, the Republicans demanded a provision to cut \$1 trillion from the federal budget over 10 years.³ Additionally, the BCA established a Joint Select Committee on Deficit Reduction (also known as the “supercommittee”, or “JSC”)—a group of six Democrats and six Republicans tasked with identifying \$1.2 trillion in additional spending cuts and/or revenue increases over the next ten years.

³ Pub.L. 112-25; available at: <http://www.gpo.gov/fdsys/pkg/PLAW-112publ25/html/PLAW-112publ25.htm>

Breaking Down the Sequester



Congress included an unprecedented provision to motivate the supercommittee: if it failed to come to an agreement by November 23, 2011, a process known as “sequestration” would be triggered, producing an across-the-board cut in federal spending of more than \$1 trillion over nine years. Programs would face cuts of between 7.6 percent and 10.0 percent, with reductions shared equally between defense spending and domestic discretionary programs (see chart, previous page).⁴

These cuts were designed to be so damaging that Congress would have little choice but to come to a long-term agreement on deficit reduction. As the Bipartisan Policy Center said at the time, the sequester “will act as a ‘sword of Damocles’ hanging over the JSC in the hopes of forcing action.”⁵

However, when Americans sat down to Thanksgiving dinner on November 24, 2011, the supercommittee had failed to reach an agreement, its co-chairs declaring, “After months of hard work and intense deliberations, we have come to the conclusion today that it will not be possible to make any bipartisan agreement available to the public before the committee’s deadline.”⁶ As a result, the sequester was triggered, paving the way for massive cuts that take effect in Jan. 2013—cuts that affect everything from Hurricane Sandy disaster relief to NYCHA and the NYPD.

Not only is the sequester set to take place at the beginning of 2013, but numerous tax cuts will expire, including the tax cuts passed under President George W. Bush and the payroll tax cut and the expanded Earned Income Tax Credit (EITC) passed under President Barack Obama.

The effects of these potential tax increases are significant. Taxes would rise by \$536 billion in 2013—an

average of almost \$3,500 per household. For families in the bottom 20 percent of the income distribution, taxes will increase by an average of 3.7 percent, largely from the expiration of the EITC expansion. Families in the middle class will lose 4.4 percent of their after-tax income, or about \$2,000, mostly from the expiration of tax breaks included in President Obama’s stimulus bill and the payroll tax cut.

This report details the effects of the fiscal cliff—the combination of the expiration of tax provisions and sequester-mandated spending cuts—on the lives of New Yorkers and the agencies that serve them, using reports published by the Tax Policy Center and the federal Office of Management and Budget.⁷

The effects of the fiscal cliff will begin to take effect on January 2, 2013, unless Congress and the President work together to find a solution. Congress should put aside politics in order to avoid sequestration and its devastating effects.

METHODOLOGY

The estimates in this report are based on a report issued by the Federal Office of Management and Budget (OMB) in September 2012.⁸ That report provided a “breakdown of exempt and non-exempt budget accounts, an estimate of the funding reductions that would be required across non-exempt accounts...and additional information on the potential implementation of the sequestration.”

Using OMB’s estimates for cuts to various agencies, staff of the Office of Manhattan Borough President Scott Stringer determined how much money from various federal programs flows to New York City agencies, institutions, universities, and community groups. We then applied the percentage cut at the federal level to the amount received by New York City.

⁷ <http://assets.fiercemarkets.net/public/sites/govit/stareport.pdf>; <http://www.urban.org/UploadedPDF/412666-toppling-off-the-fiscal-cliff.pdf>; Note that projections of the effects of sequestration are subject to revision based on changes in law and ongoing legal, budgetary and technical analysis. In addition, cuts in direct State and Federal spending will also affect New York City.

⁸ <http://democrats.budget.house.gov/sites/democrats.budget.house.gov/files/stareport.pdf>.

⁴ <http://bipartisanpolicy.org/sites/default/files/BCA%20Sequester%20Fact%20Sheet.pdf>; Social Security, retirement programs, veteran’s benefits, refundable tax credits, Medicaid, the Children’s Health Insurance Program (CHIP), unemployment insurance, food stamps (SNAP), Temporary Assistance for Needy Families (TANF), and several other programs are exempt from the sequester. Medicare is not exempt, however the effects are limited to provider payment cuts that may not exceed two percent.

⁵ <http://bipartisanpolicy.org/blog/2011/08/how-sequester-works-if-joint-select-committee-fails>.

⁶ http://www.c-span.org/uploadedFiles/Content/Special/Deficit_Committee/Reaction_to_SuperCommittee.pdf.

Several factors contribute to the *approximate* nature of the estimates in this report:

- 1. The OMB Report is Preliminary:** As OMB states, “The estimates and classifications in the report are preliminary. If the sequestration were to occur, the actual results would differ based on changes in law and ongoing legal, budgetary, and technical analysis.”
- 2. Individual Agencies Will Have to Make Choices About How to Implement Cuts:** While we applied the percentage of the federal cut to estimate the effects on the City, it is possible, even likely, that certain programs will cut grants to the City by less than the overall federal cut, while others will cut grants to the City by more than the overall federal cut.
- 3. Federal Programs are Often Filtered Through State-Run Organizations:** Many of the federal

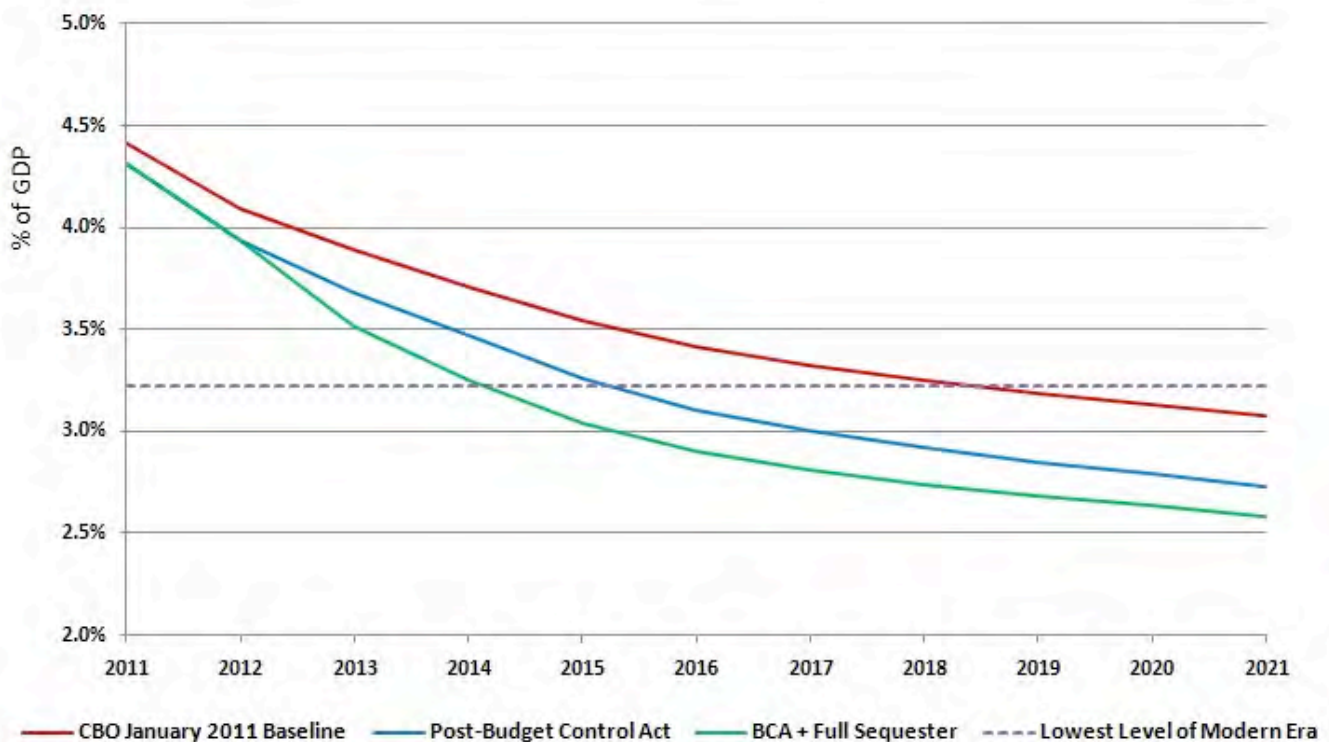
programs are filtered through the State of New York, and therefore, the extent of some cuts is only known at the state level. In circumstances in which City-specific data is unavailable, unless otherwise stated, we estimate that roughly half the projected cuts in funding to the State will affect City residents, though some programs direct more than half their funding to the City and some less.

ANALYSIS

EFFECT OF SEQUESTRATION ON FUNDING FOR NYC AGENCIES & DEPARTMENTS

The cumulative effect of the Budget Control Act and sequestration will bring domestic spending to its lowest level (as a percentage of Gross Domestic Product) in the modern era, as shown in the chart below from the Bipartisan Policy Center.

DOMESTIC SPENDING WOULD BE CUT TO THE BONE



Source: Congressional Budget Office

WWW.BIPARTISANPOLICY.ORG



The effects on New York City are significant and wide-ranging, reaching from public housing and public safety, to legal services and the arts.

The 2013 City budget projects over \$6.6 billion in federal categorical grants. An 8.2% reduction could result in over \$540 million in cuts.⁹

In addition, NYCHA receives over \$2 billion in grants for operating and capital expenditures and Section 8 vouchers. An 8.2% reduction in these funding streams could cost the agency over \$190 million.¹⁰

New York City governmental agencies are not alone in facing draconian cuts if sequestration goes into effect. Many of the City's most cherished cultural institutions and Universities—from Columbia to the Metropolitan Museum of Art—could face over \$100 million in cuts.

Taken together, the cost of sequestration on New York City and its institutions could exceed \$800 million.¹¹

Below is a list of projected cuts for various NYC agencies. These cuts are what would happen in **one year**, if sequestration goes into effect.

The **bolded** headers indicate the program that will be cut, the gross amount of the cut, and the percentage cut in parentheses. While this report highlights the range of programs that face significant cuts, there are scores more programs that face sequestration and will affect New York City that are beyond the scope of this report.

Disaster Relief

Federal Emergency Management Agency (FEMA): Disaster Relief Fund and Other Programs: \$878 million nationwide (8.2%)¹²

⁹ http://www.nyc.gov/html/omb/downloads/pdf/erc6_12.pdf.

¹⁰ <http://www.nyc.gov/html/nycha/html/about/financialinfo.shtml>.

¹¹ This figure does not include the additional tax burden that New Yorkers will face in 2013.

¹² Unlike other cuts discussed in this report, the projected cut to FEMA is a national figure. We cannot make a projection regarding the effect on New York City because disasters, by their very nature, are spontaneous and unpredictable. However, given that FEMA has already dedicated over \$310 million to recovery/relief efforts in New York City and Long Island, the effects on the region in reduced disaster relief are bound to be significant.

FEMA is authorized to identify, mobilize, and provide equipment and resources necessary to alleviate the impacts of natural and man-made disasters.

As of November 7, 2012, FEMA had already approved disaster relief totaling over \$310 million for individuals and businesses affected by Hurricane Sandy in NYC and Long Island.¹³ In addition, New York was a recipient of this funding following Hurricane Irene in 2011, when a 17-country region in the State (including much of the City) received about \$1.3 million.¹⁴

FEMA could lose approximately \$580 million in disaster relief funding nationally, or a cut of 8.2%, as a result of sequestration.¹⁵ In addition, FEMA could face cuts of \$183 million for state and local programs, \$10 million from its emergency food and shelter budget, and \$8 million from its flood hazard mapping and risk analysis division.

All told, FEMA's budget could be slashed by \$878 million nationwide, affecting individuals and municipalities hard hit by disasters—from the Gulf of Mexico and New Orleans to the five boroughs of New York City. Americans should be able to rebuild their homes, businesses, and infrastructure without worrying about whether they will go bankrupt.

Housing

Community Development Block Grants: \$12.3 million (8.2%)¹⁶

The Community Development Block Grant (CDBG) program is a flexible program that provides communities with resources to address a wide range of unique community development needs, ranging from affordable housing and services for vulnerable populations, to job creation and retention through the expansion and creation of businesses.¹⁷

¹³ <http://www.fema.gov/disaster/4085#tabs-1>.

¹⁴ <http://www.fema.gov/disaster/3328#tabs-2>.

¹⁵ Note that FEMA was already strained under current funding: see: <http://online.wsj.com/article/SB10001424053111904199404576538741580290386.html>.

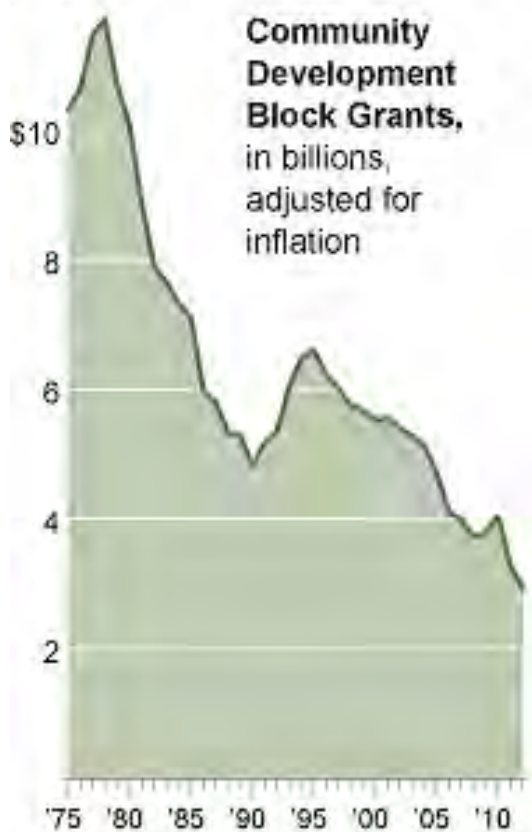
¹⁶ Community Development Block Grants are funded from HUD's Community Development Fund.

¹⁷ http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_plan

Since the program started in the mid-1970's, it has seen a steep drop in funding.¹⁸ A recent report from the Government Accountability Office noted that local officials appreciate “the ability to make funding decisions locally and the flexible nature of CDBG funds from HUD were essential to their housing programs.”¹⁹

Dwindling Funds

Federal grants given directly to cities have dwindled since the program's inception in 1974.



Source: U.S. Department of Housing and Urban Development THE NEW YORK TIMES

In FY 2012, NYC received \$149.7 million in Community Development Block Grants from HUD, about 60 percent of which is used by HPD for housing services and housing code inspections.²⁰

ning/communitydevelopment/programs.

18 <http://www.nytimes.com/2011/12/22/us/cities-struggle-as-us-slashes-block-grants-program.html>.

19 <http://www.gao.gov/new.items/d1234.pdf>.

20 <http://furancenter.org/institute/directory/entry/community-development-block-grant/>.

Sequestration could eliminate \$12.3 million from this grant. Cuts will also affect appropriations for the following Community Development Fund programs: HOME Investment Partnerships (HOME); Housing Opportunities for Persons with AIDS (HOPWA); and Emergency Solutions Grants (ESG).²¹

NYCHA Operating Budget: \$75 million (8.2%)

NYCHA Capital Funding: \$27 million (8.2%)

The New York City Housing Authority (NYCHA) is the largest public housing authority in the nation – providing housing or rental vouchers to some 652,000 city residents, or roughly one out of every 13 people who call New York City home. If NYCHA were an American city, it would rank 21st in population, just ahead of Boston.

As a result, NYCHA receives a significant percentage of federal public housing funds distributed by the U.S. Department of Housing and Urban Development (HUD), both for operations and capital improvements—including repairs, expansions, and new construction.

Sixty-six percent of NYCHA's operating budget comes from the federal government.²² In FY 2012, NYCHA received \$925 million in federal operating subsidies.²³

In its 2012-2016 Capital Plan, NYCHA projects over \$300 million in annual capital improvement grants from HUD.²⁴

NYCHA is already strapped for operating and capital dollars. The agency has identified \$7.5 billion in capital needs for infrastructure improvements, modernizations, and systemic upgrades such as roof replacements, brickwork, elevator upgrades, and other major renovations. However, the Housing Authority has only \$2.6 billion in funding to cover these needs

21 <http://www.hud.gov/offices/cpd/about/budget/budget12/states/ny.xls>.

22 <http://www.nyc.gov/html/nycha/downloads/pdf/annual-report-2010.pdf>.

23 http://www.nyc.gov/html/nycha/downloads/pdf/2012_Budget_Presentation_Final_05_29_2012.pdf.

24 http://www.nyc.gov/html/nycha/downloads/pdf/Five_Year_Capital_Plan_2012-2016.pdf.

– a gap of nearly \$5 billion²⁵. In addition, NYCHA has seen federal subsidies decline 35 percent between 2001-2011, leading to a substantial operating deficit-- \$77 million in 2012.²⁶

Sequestration will have an enormous impact on NYCHA and the more than 650,000 New Yorkers who rely on the agency to provide a roof over their head. Operating subsidies could decrease by \$75 million and capital funding by \$27 million, digging an even deeper hole for an agency already racked with debt.

Section 8 Rental Assistance: \$88.8 million (the equivalent of eliminating over 8000 Section 8 housing vouchers) (8.2%)

Section 8 vouchers are a critical part of the nation's commitment to ensuring that all Americans have access to affordable housing.

In New York City, the Department of Housing Preservation and Development (HPD) and NYCHA administer the Section 8 program—the largest in the United States—for approximately 100,000 households in all five boroughs, with over 33,000 landlords participating.²⁷ The total federal subsidy in FY 2012 was nearly \$1.1 billion.²⁸

One-third of these households have children. In addition, nearly one-third of households are headed by an elderly individual and over 40 percent are headed by an individual who is disabled.²⁹

The average gross income of these households barely exceeds \$15,000/year. Section 8 vouchers provide an average subsidy of over \$950/month, allowing tenants to pay an average of \$332/month in rent (30% of the household adjusted income).³⁰

25 <http://www.mbpo.org/uploads/fullnychareport.pdf>.
26 http://www.nyc.gov/html/nycha/downloads/pdf/2012_Budget_Presentation_Final_05_29_2012.pdf.
27 http://www.nyc.gov/html/nycha/html/section8/landlord_info.shtml.
28 http://www.nyc.gov/html/nycha/downloads/pdf/2012_Budget_Presentation_Final_05_29_2012.pdf.
29 <http://www.nyc.gov/html/hpd/downloads/pdf/Section8-Program-Statistics.pdf>.
30 <http://www.comptroller.nyc.gov/bureaus/acc/cafr-pdf/CAFR2011.pdf>;
The total subsidy to NYC was nearly \$420 million in FY 2011.

Section 8 has already faced significant cuts since the start of the recession, causing thousands of vouchers for New York families to be eliminated and closing the wait list to many more, except for emergency applications.³¹ Sequestration will likely cut over \$88 million annually, the equivalent of eliminating vouchers for over 8,000 households.

Transportation

Federal Transit Administration Capital Investment Grants: \$27.75 million (8.2%)

The U.S. Department of Transportation, through the Federal Transit Administration, offers grants to State/City/Municipal transit agencies for capital expansion and preservation.

It has taken over \$70 billion to bring our subway system from the dilapidation of the 1970's to the system we rely upon today.³² In 1980, subways broke down once every 6,800 miles.³³ Today, subways break down once every 170,000 miles.³⁴ It's no surprise that the rebirth of the system—both its reliability and its safety—went hand in hand with the economic boom of the City.

Today, MTA is expanding the network by linking the Long Island Railroad to Grand Central (East Side Access), and constructing the Second Avenue Subway. These projects not only employ thousands of workers, they also boost the economic vitality of the City of New York and the metropolitan region.

For FY 2013, two MTA megaprojects—East Side Access and the Second Avenue Subway—are set to receive \$215 million and \$123.4 million in capital grants, respectively.³⁵

Sequestration could cut those grants by \$27.75 million in FY 2013 alone. In addition, it would likely reduce the amount of money available for other MTA

31 <http://www.nytimes.com/2010/04/07/nyregion/07voucher.html?pagewanted=all>; <http://www.nytimes.com/2009/12/18/nyregion/18vouchers.html>.
32 http://www.mta.info/news/pdf/cap10/exec_summary.pdf.
33 <http://www.mta.info/capital/servicereliability/trains.php>.
34 <http://www.mta.info/capital/servicereliability/trains.php>.
35 http://www.dot.gov/sites/dot.dev/files/docs/fta_fy_2013_budget_estimate.pdf.

projects and regional transit improvements, such as Bus Rapid Transit (Select Bus Service), which received an FTA grant for Nostrand Avenue in 2010.³⁶

Anti-Terror/Public Safety

Homeland Security/Public Safety Grants: \$25 million (8.2%)³⁷

Whether it is the New York Stock Exchange, the Statue of Liberty, the Empire State Building, the United Nations, or dozens of other landmarks, New York City and its police department carry the burden of defending these “national assets” from terrorists.³⁸ As a result, securing federal funding is critical to the safety of our 8.2 million residents and the tens of millions of visitors we receive every year.

The federal government offers a variety of grants for security-related programs, including: the Urban Area Security Initiative (UASI), the State Homeland Security Program grant (SHSP), National Preparedness Grant Program (NPGP), First Responder Assistance Programs (FRAP), Emergency Management Performance Grants (EMPG), Firefighter Assistance Grants (AFG), Management and Administration (SLP M&A), and more.³⁹

These grants are awarded to various New York City agencies and institutions on an annual basis. In fact, the two largest federal sources of funding for NYPD activities are the SHSP and the UASI. In FY11, the SHSP provided \$91.2 million to New York State, by far the most in the country (California was second at \$73 million).⁴⁰

36 http://thomas.loc.gov/cgi-bin/cpquery/?&dbname=cp111&sid=cp111y827t&refer=&r_n=sr230.111&item=&&&sel=TOC_808277&

37 These cuts include reductions in State and Local Programs through the Federal Emergency Management Agency and a variety of grant programs run by the Office of Justice and Transportation Security Administration; <http://www.nlc.org/media-center/news-search/cities%E2%80%99-message-to-congress-sequestration-is-bad-policy>.

38 http://www.thefez.net/etc/articles/NewYorker_RayKelly_NYPD.pdf.

39 The latter category includes “the National Exercise Program, Center for Domestic Preparedness, Technical Assistance, Evaluation & Assessment, and those activities traditionally funded by transfer to the Salaries and Expenses appropriation.”

40 Department of Homeland Security, “FY 2011 Preparedness Grant Programs Overview,” (23 Aug. 2011), 13. Available: http://www.fema.gov/pdf/government/grant/2011/fy11_grants_overview.pdf.

In FY 11, the UASI provided \$662.6 million in grants nationwide, with nearly a quarter of the funding (\$151 million) going to the New York City area alone, more than double the next highest grantee (Los Angeles at \$69.9 million).⁴¹

AFG grants have been awarded to the FDNY (\$550,000, 2011), the New York Fire Patrol (Staten Island) (\$122,000, 2010), New York Presbyterian Hospital (\$344,000, 2010), and the National Development and Research Institutes (\$1 million, 2009).⁴²

New York City nonprofits received \$5.1 million in grant aid under the Nonprofit Security Grant Program (NSGP) in FY 2011.⁴³

The Port Security Grant Program (PSGP) allocated \$30.2 million of its \$235 million budget to the Port Authority of New York and New Jersey (PANYNJ), the most money given to any one municipality.⁴⁴

The top two recipients of Transit Security Grant Program (TSGP) funds were the Metropolitan Transportation Authority (\$43 million) and PANYNJ (\$28.6 million).⁴⁵

Collectively, New York City, its regional transit agencies, and other institutions, could lose nearly \$25 million in annual funding from these security grant programs if sequestration takes effect.

41 Digital Sandbox, “Analysis of FY2011 Homeland Security Grants: Part 5,” (24 May 2011), available: http://www.dsbox.com/index.php/blog/comments/analysis_of_fy2011_homeland_security_grants_part_5/; Below are the total expenditures in the program from FY03 to FY11, with NYC’s amount broken out:

UASI FY03: \$596,351,000; NYC: \$149,000,000

UASI FY04: \$671,017,498; NYC: \$47,000,000

UASI FY05: \$854,656,750; NYC: \$207,000,000

UASI FY06: \$710,622,000; NYC: \$125,000,000

UASI FY07: \$746,900,000; NYC: \$134,000,000

UASI FY08: \$781,600,000; NYC: \$144,000,000

UASI FY09: \$798,631,250; NYC: \$145,000,000

UASI FY10: \$832,520,000; NYC: \$151,579,096

UASI FY11: \$662,622,100; NYC: \$151,579,096

42 <http://www.fema.gov/award-year-2011-0>; <http://www.fema.gov/award-year-2010-0>; <http://www.fema.gov/award-year-2009>.

43 http://www.fema.gov/pdf/government/grant/2011/fy11_grants_overview.pdf; This was more than 25 percent of the national total and triple the next-highest city (Los Angeles at \$1.7 million).

44 http://www.fema.gov/pdf/government/grant/2011/fy11_grants_overview.pdf; These transit agencies would also lose money via a cut in Federal Transit Capital Investment Grants.

45 http://www.fema.gov/pdf/government/grant/2011/fy11_grants_overview.pdf.

Grants for Criminal Justice Research and Victim Services: \$3 million (8.2%)

The U.S. Department of Justice provides numerous grant programs to local law enforcement and other criminal justice advocates to reduce crime and provide services to victims.

In FY 2011, the Office on Violence Against Women provided over \$27 million through 47 grants in New York State. Over half of those awards (totaling nearly \$11 million) went to agencies operating in all five boroughs, including: New York Asian Women's Center, the Center for Court Innovation, Legal Momentum, the New York City Gay and Lesbian Anti-Violence Project, Black Women's Blueprint, Legal Services NYC Staten Island, the Shalom Task Force, and South Brooklyn Legal Services.⁴⁶

In addition, the Office of Justice Programs provides funds for a wide variety of criminal justice related advocacy, research, and reform.⁴⁷ In FY 2012, OJP awarded nearly \$23 million in grants to the NYPD, the Center for Court Innovation, Vera Institute of Justice, CUNY/John Jay College, St. John's University, Big Brothers/Big Sisters, the Fund for the City of New York, and many more.

Lastly, the Community Oriented Policing Services (COPS) program helps law enforcement agencies hire more community policing officers, acquire new technologies and equipment, hire civilians for administrative tasks, and promote innovative approaches to solving crime.⁴⁸ In FY 11, New York City received \$250,000 for a project involving a "Risk Screening Tool for Law Enforcement."⁴⁹

Taken together, sequestration threatens to eliminate up to \$3 million in grants for criminal justice research and victim services in the five boroughs.

46 <http://www.ovw.usdoj.gov/grant2011.htm#ny>; the single largest recipient of grant funding was the NYS Division of Criminal Justice Services, with over \$7 million. Much of that money flows to the City of New York.

47 <http://grants.ojp.usdoj.gov:85/selector/main>.

48 <http://www.justice.gov/business/>.

49 <http://www.cops.usdoj.gov/pdf/CPD/2011CPDAwardList.pdf>.

Education

National Endowment for Arts/National Endowment for Humanities: ~ \$1.5 million (8.2%)

Both the National Endowment for the Arts (NEA) and the National Endowment for the Humanities (NEH) award millions of dollars in grants annually to individual artists and cultural institutions nationwide. As a center of art, music, media, and culture, New York City is a significant beneficiary of these government programs.

In 2012, New York City-based artists/institutions accounted for 33 of the 78 grants (42 percent) awarded through the NEA's Arts in Media program.⁵⁰ The NYC-share of recipients of the NEA's USArtists International Grants was even greater: 15 of 23 awards (65 percent).⁵¹ New York City residents also fared extremely well in securing Art Works I grants, with nearly 200 awards in all five boroughs totaling over \$5 million.⁵²

New Yorkers were also significant beneficiaries of NEH awards. From workshops for teachers led by New York's great historians and the development of an innovative youth program at the New York Hall of Science in Queens, to preservation funding for the Staten Island Historical Society and the digitization of the catalog of the Bronx Botanical Garden, NEH funds have helped bring the wonder of history, science, botany, and more to communities in all five boroughs.⁵³ Collectively, nearly 70 individuals/institutions in the five boroughs received NEH grants in FY 2011, totaling over \$11 million.

Sequestration could cut grants to New York City-based institutions from NEA and NEH by nearly \$1.5 million, further eating away at these artists and institutions which form the heart and soul of one of New York's greatest economic drivers: culture.

50 <http://www.nea.gov/grants/recent/12grants/12aim.php>.

51 <http://www.nea.gov/news/news07/USAI2.html>.

52 http://www.nea.gov/grants/recent/12grants/states1/12_states1.php?STATE=NY.

53 http://www.neh.gov/files/2011_neh_annual_report.pdf.

National Science Foundation/National Institutes of Health: Over \$100 million (8.2%)

The NIH is the nation's primary medical research agency, providing over \$30 billion dollars for medical study annually.⁵⁴ More than 80% of NIH funding is distributed through competitive grants to researchers at universities and other institutions throughout the country.

The NSF funds research and education in most fields of science and engineering. NSF provides grants to more than 2,000 colleges, universities, K-12 school systems, businesses, informal science organizations and other research organizations throughout the United States. The Foundation accounts for about one-fourth of federal support to academic institutions for basic research.⁵⁵

New York City universities and institutions secure hundreds of millions of dollars a year from both the NIH and NSF.

In FY 2011, NIH grantees included⁵⁶:

- Columbia University: \$365 million
- New York University: \$196 million
- Weill Medical College of Cornell University: \$119 million
- Rockefeller University: \$69 million
- The Sloan-Kettering Institute for Cancer Research: \$111 million
- Mount Sinai School of Medicine: \$188 million

In addition to universities, 63 New York businesses received NIH grants during FY 2011 for research and development of technologies with potential commercial applications.⁵⁷

⁵⁴ <http://www.nih.gov/>.

⁵⁵ <http://www.nsf.gov/funding/aboutfunding.jsp>.

⁵⁶ <http://report.nih.gov/award/index.cfm?ot=&fy=2011&state=NY&ic=&fm=&orgid=&view=statedetail>.

⁵⁷ <http://report.nih.gov/award/index.cfm?ot=&fy=2011&state=NY&ic=&fm=&orgid=&view=statedetail>.

In FY 2011, NSF grantees included⁵⁸:

- The American Museum of Natural History: \$4.3 million
- Barnard College: \$1.1 million
- Columbia University: \$81.5 million
- Weill Medical College of Cornell University: \$673,000
- CUNY (all campuses combined): \$38.6 million
- Metropolitan Museum of Art: \$379,000
- New York Botanical Garden: \$2.6 million
- New York Public Radio (WNYC): \$504,000
- New York University: \$20.7 million
- Touro College: \$587,000
- Yeshiva University: \$1.1 million

Sequestration could result in over \$100 million in cuts to these universities and organizations. Cutting these programs is the definition of penny-wise and pound-foolish, as the return on investment from medical research easily pays for itself.

Department of Education Funding (Title I et al.): ~ \$75 million (8.2%)

The federal government provides resources to states and municipalities for a variety of programs targeting K-12 students. These resources include, among others, the Individuals with Disabilities Education Act (IDEA),⁵⁹ which provides funds for special education, Title I,⁶⁰ which directs funds to local educational agencies and schools with high numbers or high percentages of children from low-income families, and Title III, which funds programs for immigrant youth and LEP students.

In FY 2012, NYC DOE received the following allocations:

- \$121 million from IDEA for paraprofessionals⁶¹
- \$32 million for other mandated IDEA services⁶²

⁵⁸ <http://dellweb.bfa.nsf.gov/>.

⁵⁹ <http://www.lwv.org/content/role-federal-government-public-education-legislation-and-funding-education-children-special>.

⁶⁰ <http://www2.ed.gov/programs/titleiparta/index.html>.

⁶¹ http://schools.nyc.gov/offices/d_chanc_oper/budget/dbor/allocation-memo/fy11_12/FY12_PDF/sam13.pdf.

⁶² http://schools.nyc.gov/offices/d_chanc_oper/budget/dbor/allocation-

- \$583 million for Title I School Allocation⁶³
- \$10.6 million for Title I School in Need of Improvement Grants⁶⁴
- \$2 million in Title I ELL Enrichment Grants⁶⁵
- \$2.5 million in Title I School Improvement Enrichment Grants⁶⁶
- \$14.3 million in Title I Pre-K funding⁶⁷
- \$4.4 million for Services for Neglected and Delinquent Children (Title I)⁶⁸
- \$96.7 million in Title IIA Supplemental Funding⁶⁹
- \$2.9 million in Title IV Substance Abuse and Violence Prevention Funds⁷⁰
- \$1.4 million in Supplemental Race to the Top Funds for New Schools⁷¹
- \$24 million in Title III Funding for Immigrant/LEP Programs⁷²
- \$2.3 million in Title III Funding for ELL Summer Enrichment Program⁷³
- \$4.5 million in Title I/Title III Funding for Translation/Interpretation Services⁷⁴

An across-the-board cut in federal education funding could cost New York City nearly \$75 million, jeopardizing innovative programs designed to close the achievement gap and give every child in New York City a chance to succeed.

memo/fy11_12/FY12_PDF/sam14.pdf.

63 http://schools.nyc.gov/offices/d_chanc_oper/budget/dbor/allocation-memo/fy11_12/FY12_PDF/sam08.pdf.

64 http://schools.nyc.gov/offices/d_chanc_oper/budget/dbor/allocation-memo/fy11_12/FY12_PDF/sam90.pdf.

65 http://schools.nyc.gov/offices/d_chanc_oper/budget/dbor/allocation-memo/fy11_12/FY12_PDF/sam38.pdf

66 http://schools.nyc.gov/offices/d_chanc_oper/budget/dbor/allocation-memo/fy11_12/FY12_PDF/sam39.pdf.

67 http://schools.nyc.gov/offices/d_chanc_oper/budget/dbor/allocation-memo/fy11_12/FY12_PDF/sam22.pdf.

68 http://schools.nyc.gov/offices/d_chanc_oper/budget/dbor/allocation-memo/fy11_12/FY12_PDF/sam45.pdf.

69 http://schools.nyc.gov/offices/d_chanc_oper/budget/dbor/allocation-memo/fy11_12/FY12_PDF/sam26.pdf.

70 http://schools.nyc.gov/offices/d_chanc_oper/budget/dbor/allocation-memo/fy11_12/FY12_PDF/sam44.pdf.

71 http://schools.nyc.gov/offices/d_chanc_oper/budget/dbor/allocation-memo/fy11_12/FY12_PDF/sam52.pdf.

72 http://schools.nyc.gov/offices/d_chanc_oper/budget/dbor/allocation-memo/fy11_12/FY12_PDF/sam71.pdf; http://schools.nyc.gov/offices/d_chanc_oper/budget/dbor/allocationmemo/fy11_12/FY12_PDF/sam67.pdf.

73 http://schools.nyc.gov/offices/d_chanc_oper/budget/dbor/allocation-memo/fy11_12/FY12_PDF/sam40.pdf.

74 http://schools.nyc.gov/offices/d_chanc_oper/budget/dbor/allocation-memo/fy11_12/FY12_PDF/sam53.pdf.

Social Services

Special Supplemental Nutrition Program for Women, Infants, and Children (WIC): ~ \$19 million (equivalent to 30,000 families) (8.2%)

WIC serves to safeguard the health of low-income pregnant, postpartum, and breastfeeding women, as well as infants and children up to age 5 who are at nutritional risk by providing nutritious foods to supplement diets, information on healthy eating including breastfeeding promotion and support, and referrals to health care.⁷⁵

Congress appropriated over \$7 billion for WIC in FY 2012, of which New York State received \$466 million.⁷⁶

Sequestration will likely reduce New York State's WIC funding by over \$38 million. Assuming 50% of the funds flow to New York City—which is conservative given that a higher percentage of mothers in NYC use WIC than statewide—this cut will eliminate WIC funding for the equivalent of 30,000 New York City families, hurting the health of vulnerable populations and bringing further pain to New York City parents struggling to put food on the table.⁷⁷

HIV Testing: \$2.5 million (8.2%)

New York City will lose over \$2.5 million dollars in funding from the Centers for Disease Control and Prevention for HIV testing. This cut is estimated to result in nearly 63,000 fewer New Yorkers being tested.⁷⁸

This is of particular concern because, as the City Department Health and Mental Hygiene reported in 2008, HIV is spreading in New York City at three times the national rate.⁷⁹ In fact, the number of New York City residents living with HIV has increased by over 30 percent since 2000.⁸⁰

75 <http://www.fns.usda.gov/wic/aboutwic/>.

76 <http://www.fns.usda.gov/wic/fundingandprogramdata/grants2012.htm>; this figure does not include funds distributed to the Seneca Nation or other Indian governments in New York.

77 [http://www.fns.usda.gov/pd/25wifyavgfd\\$.htm](http://www.fns.usda.gov/pd/25wifyavgfd$.htm); The average cost of benefits for an individual in New York is \$684 a year.

78 <http://www.harkin.senate.gov/documents/pdf/500ff3554f9ba.pdf>, p.18..

79 <http://www.nytimes.com/2008/08/28/health/research/28hiv.html>.

80 <http://www.nyc.gov/html/doh/downloads/pdf/ah/surveillance2010-trend->

Workforce Development Programs: \$2 million (8.2%)

The U.S. Department of Labor (DOL) awards over \$2 billion in grants annually to support workforce development for a wide variety of groups ranging from the disabled⁸¹ and seniors to youth, veterans, and people recently released from prison.⁸²

In 2012, New York City organizations received millions of dollars in awards, including:

- Borough of Manhattan Community College (\$3

- million)⁸³
- Northern Manhattan Improvement Corp. (\$1.1 million)⁸⁴
- Settlement Housing Fund Inc. - DREAMS YouthBuild (\$1.1 million)⁸⁵
- East Harlem Employment Service Inc. (\$5 million)⁸⁶
- National Urban League Inc. (formerly incarcerated youth) (\$6.5 million)⁸⁷
- National Urban League Inc. (Senior Community

tables.pdf.

81 http://www.doleta.gov/ETA_News_Releases/20101376.cfm; The New York State Department of Labor received a \$5 million grant in 2010 under the under the Disability Employment Initiative.

82 http://www.doleta.gov/grants/grants_awarded.cfm.

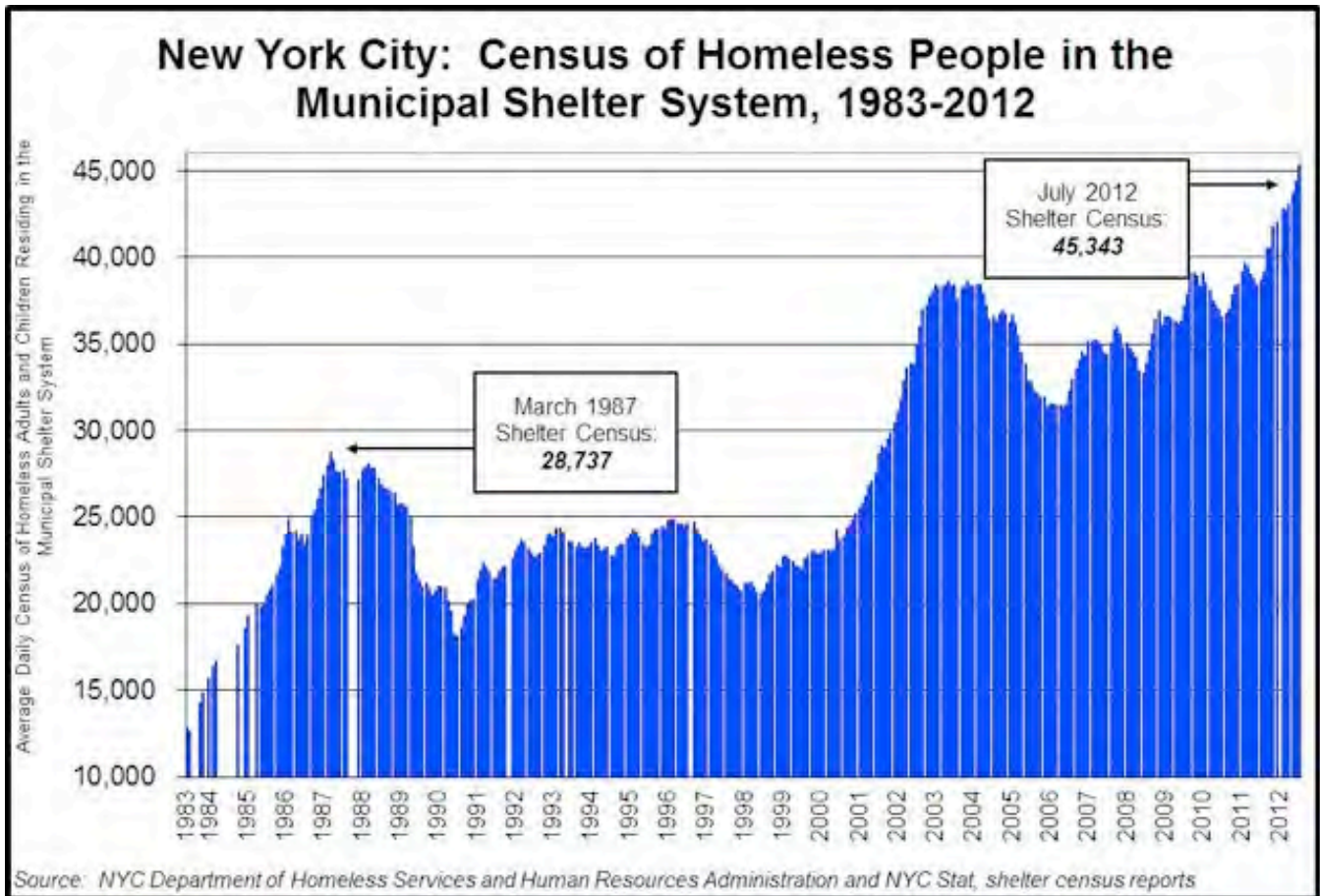
83 http://www.dol.gov/opa/media/press/eta/ETA20121885.htm#.UHguMG_R4fU.

84 http://www.dol.gov/opa/media/press/eta/ETA20121782.htm#.UHguE2_R4fU.

85 http://www.dol.gov/opa/media/press/eta/ETA20121782.htm#.UHguE2_R4fU.

86 http://www.dol.gov/opa/media/press/eta/ETA20121275.htm#.UHgtum_R4fU.

87 http://www.dol.gov/opa/media/press/eta/ETA20121275.htm#.UHgtum_R4fU.



Service Employment) (\$6.5 million)⁸⁸

- Jericho Project (\$90,000)⁸⁹
- Services for the Underserved Inc. (\$360,000)⁹⁰
- Black Veterans for Social Justice (\$154,000)⁹¹
- America Works of New York Inc. (\$300,000)⁹²
- Project Renewal Inc. (\$100,000)⁹³

Together, these workforce development programs contribute over \$25 million a year to New York City organizations dedicated to ensuring that youth, seniors, the disabled, veterans, and other under-employed populations receive the training they need to be able to secure employment and provide meaningful service to their communities. Sequestration threatens to reduce these grants by over \$2 million.

Homeless Services and Home Heating Assistance: \$10 million each (8.2%)

The U.S. Department of Housing and Urban Development (HUD) awards homeless assistance grants to organizations across the country to reduce homelessness and its effect on people's lives. The two primary grant types are Continuum of Care (CoC) and Emergency Solutions Grants (ESG).⁹⁴

Organizations in New York City received over \$110 million in CoC grants and \$12.3 million in ESG grants in 2011.⁹⁵

Sequestration will strip these organizations of approximately \$10 million in funds. With the homeless population of New York City booming—including nearly 20,000 children in shelters alone—draconian cuts in federal funding for homeless services will further jeopardize the lives of New York's poorest residents.

88 http://www.doleta.gov/ETA_News_Releases/20121525.cfm.

89 http://www.dol.gov/opa/media/press/vets/VETS20121351.htm#UIa0D2_R4fU.

90 http://www.dol.gov/opa/media/press/vets/VETS20121351.htm#UIa0D2_R4fU.

91 http://www.dol.gov/opa/media/press/vets/VETS20121351.htm#UIa0D2_R4fU.

92 http://www.dol.gov/opa/media/press/vets/VETS20121260.htm#UIa0D2_R4fU.

93 http://www.dol.gov/opa/media/press/vets/VETS20121260.htm#UIa0D2_R4fU.

94 http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/homeless.

95 <http://www.hudhre.info/index.cfm?do=actionGrantAwardsSearch&yr=2011&rptType=CoC&pickScope=byCoC&optTwo=NY&optThree=NY11-600>; <http://www.hudhre.info/index.cfm?do=actionGrantAwardsSearch&yr=2011&rptType=ESG&pickScope=byState&optTwo=NY&optThree=>

In addition, Low Income Home Energy Assistance is provided by the New York Low-Income Home Energy Assistance Program (LIHEAP), with funds from the Federal government. Home heating oil prices in New York City have increased nearly 200 percent in the past decade.⁹⁶

Income-eligible New Yorkers (< 150% of the poverty level) can receive subsidies on their oil/gas bill in the winter.⁹⁷ During the 2010-2011 winter, the program helped over 1.1 million New Yorkers statewide.⁹⁸

In New York City, residents received over \$140 million from the program in FY 2012.⁹⁹ The program is already slated to be cut to \$115 million in FY 2013, but sequestration will remove an additional 8.2%, or nearly \$10 million from New York's neediest residents.

Legal Services: \$1.3 million (8.2%)

The Legal Services Corporation (LSC) is responsible for providing grants to independent, non-profit organizations that provide free civil legal services to low-income Americans.¹⁰⁰ In New York City, Legal Services NYC is a recipient of this grant funding.

Even with federal funding, there is a significant gap in the availability of legal services for working class New Yorkers, as detailed by Chief Judge Jonathan Lippman's Task Force on Civil Legal Services.¹⁰¹

- 99 percent of tenants are unrepresented in eviction cases in New York City.
- 97 percent of parents are unrepresented in child support matters.
- More than 60 percent of homeowners in fore-

96 <http://www.nyserda.ny.gov/en/Energy-Prices-Supplies-and-Weather-Data/Home-Heating-Oil/Monthly-Average-Home-Heating-Oil-Prices.aspx#nyc>.

97 <http://www.benefits.gov/benefits/benefit-details/1534>; <http://otda.ny.gov/programs/heap/program.asp#income>; LIHEAP also provides low-cost air conditioners to eligible participants in summer months. See: <http://liheap.org/?p=1161>.

98 <http://otda.ny.gov/programs/heap/documents/10-11-HHS-Report-FFY-11.pdf>.

99 <http://www.liheap.org/assets/county/liheap-NY.pdf>.

100 <http://www.lsc.gov/sites/default/files/LSC%202011%20Annual%20Report-CompleteForWebsite.pdf>.

101 http://www.nycourts.gov/ip/access-civil-legal-services/PDF/CLS-2011TaskForceREPORT_web.pdf.

closure cases attend the state's mandated settlement conferences without the benefit of legal counsel.¹⁰²

- Only 1 percent of New Yorkers sued by collection agencies had lawyers in 2009. The collection agencies – they had attorneys 100 percent of the time.

LSC funding was already cut by nearly \$16 million in 2011. At that time, Legal Services NYC, which relies on LSC for 14 percent of its funding, lost about \$720,000.¹⁰³

Sequestration will likely cost Legal Services NYC over \$1 million in funding, a huge blow at a time when more New Yorkers are finding themselves in housing and family court without the benefit of counsel.

Child Care and Development Block Grant: ~ \$16 million (8.2%)

The Child Care and Development Block Grant (CCDBG) is the primary source of funding for child care assistance for low and moderate income families.¹⁰⁴

In FY 2011, CCDBG granted nearly \$300 million to New York State.¹⁰⁵ Combined with state matching funds, the New York State Office of Children and Family Services contributed 64 percent of its Child Care Block Grant (over \$472 million) to New York City.¹⁰⁶ This represented a significant cut from the 2009-2010 fiscal years, when funds from the Ameri-

can Recovery and Reinvestment Act were directed to CCDBG.¹⁰⁷

A further 8.2% cut to the federal appropriation could cost the state an additional \$25 million. Sequestration could therefore cut CCDBG funding for New York City by nearly \$16 million, threatening thousands of child care slots and reducing resources available for critical early childhood education.

9/11-Related Compensation/Health Care

September 11th Victim Compensation Fund: \$24 million (7.6%)

On January 2, 2011, President Obama signed the James Zadroga 9/11 Health and Compensation Act of 2010 (Zadroga Act), which reopens the September 11th Victim Compensation Fund (VCF) of 2001. The Zadroga Act expanded the scope of the original VCF to enable more individuals who suffered physical injury or death as a result of the September 11th attacks to obtain compensation from the program.¹⁰⁸ In particular, individuals present at the September 11th crash sites at the time of the crashes or between September 11, 2001 and May 30, 2002, who suffered physical harm as a direct result of the crashes or debris removal, are now eligible.

Sequestration could reduce the available funds by \$24 million.

World Trade Center Health Program: \$14 million (7.6%)

The World Trade Center Health Program (WTC Health Program) was also established by the Zadroga Act. It provides services for responders, workers, and volunteers who helped with rescue, recovery, and cleanup at the World Trade Center and related sites in New York City. It also provides services for survivors who were in the New York City disaster area,

¹⁰⁷ <http://www.winningbeginningny.org/documents/childcaredev.fundal-locations.pdf>; New York City's share of the ARRA funding was \$28 and \$29 million in 2009 and 2010 fiscal years, respectively.

¹⁰⁸ <http://www.vcf.gov/faq.html#gen1>.

¹⁰² <http://www.nytimes.com/2012/05/02/opinion/a-new-lawYers-duty.html>.

¹⁰³ <http://www.propublica.org/blog/item/legal-services-for-poor-face-growing-need-and-less-funding>; http://grants.lsc.gov/sites/default/files/Grants/RIN/Grantee_Data/fb11010101.pdf; Legal Services NYC is no longer receiving federal stimulus dollars specifically allocated by the state for foreclosure prevention. See: http://www.nytimes.com/2011/05/14/nyregion/budget-cuts-imperil-legal-aid-in-foreclosure-cases.html?_r=1&hp=&pagewanted=all; Legal Services NYC also received a Technology Initiative Grant from LSC in 2010 which totaled \$66,000 (http://tig.lsc.gov/sites/default/files/TIG/2010_TIG_Awards%5B1%5D.pdf)

¹⁰⁴ <http://benefitsplus.cssny.org/pbm/childrens-programs/child-care/200728>; New York City provides additional funding from its General Fund; According to the U.S. Department of Health and Human Services, even at current levels, CCDBG provides assistance to only one out of 10 eligible children (<http://www.naeyc.org/policy/federal/ccdbg>).

¹⁰⁵ http://www.acf.hhs.gov/sites/default/files/occ/est_fin_all_2011.pdf.

¹⁰⁶ http://www.ocfs.state.ny.us/main/policies/external/OCFS_2011/LCMs/11-OCFS-LCM-05%20New%20York%20State%20Child%20Care%20Block%20Grant%20Subsidy%20Program%20Allocations%20for%20State%20Fiscal%20Year%202011%20-%202012.pdf.

including individuals who lived, worked, or went to school in the area.¹⁰⁹

Sequestration could reduce the available funds by \$14 million.

EFFECT OF THE FISCAL CLIFF ON NEW YORKERS' TAX BILLS

The pending expiration of numerous tax provisions that go into effect on January 2, 2013, will be felt by all New Yorkers. For example, lower-income New Yorkers will face a significant tax increase due to the elimination of the payroll tax cut and the sunseting of tax credits, including the expanded Earned Income Tax Credit, passed under the President as part of the stimulus.¹¹⁰

109 <http://www.cdc.gov/wtc/>.

110 The "payroll tax cut" did not affect all taxes on payroll, but was instead

The charts below, from the Tax Policy Center and the *Washington Post*, show how individuals in various income brackets will be affected by the changes. Across the income spectrum, New Yorkers will be subjected to higher tax bills.

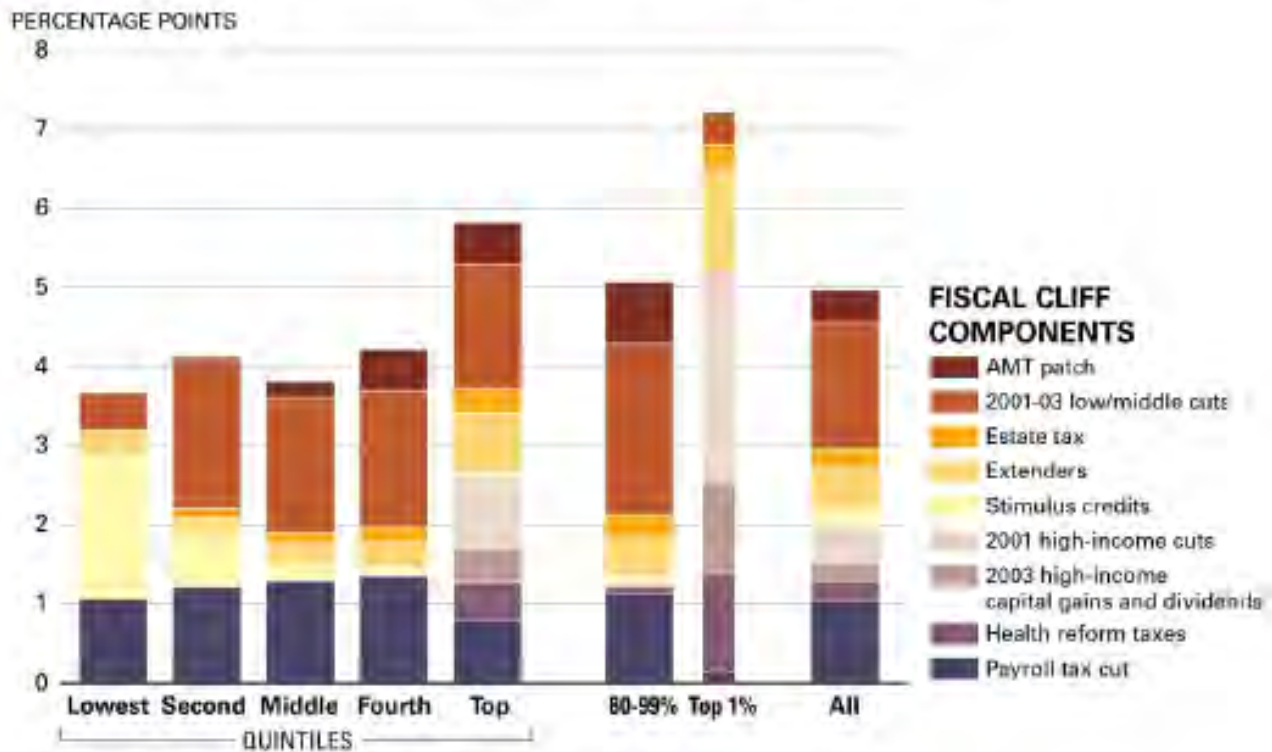
A family earning **\$50,000**—roughly the median household income in New York City—will see a tax increase of nearly **\$2000**.

A family earning **\$100,000** will face an increase of nearly **\$4000**.

a two percent cut on the employee's contribution to the Social Security Trust Fund. Ordinarily, employers and employees pay a tax of 6.2 percent of wages up to an annual wage maximum (\$110,100 in 2012) for Social Security. However, for the years 2011 and 2012, the employee's contribution was reduced to 4.2 percent, while the employer's portion remained at 6.2 percent. Thus, the expiration of the payroll tax cut will increase taxes for wage earners by two percent on their taxable earnings up to \$110,100.



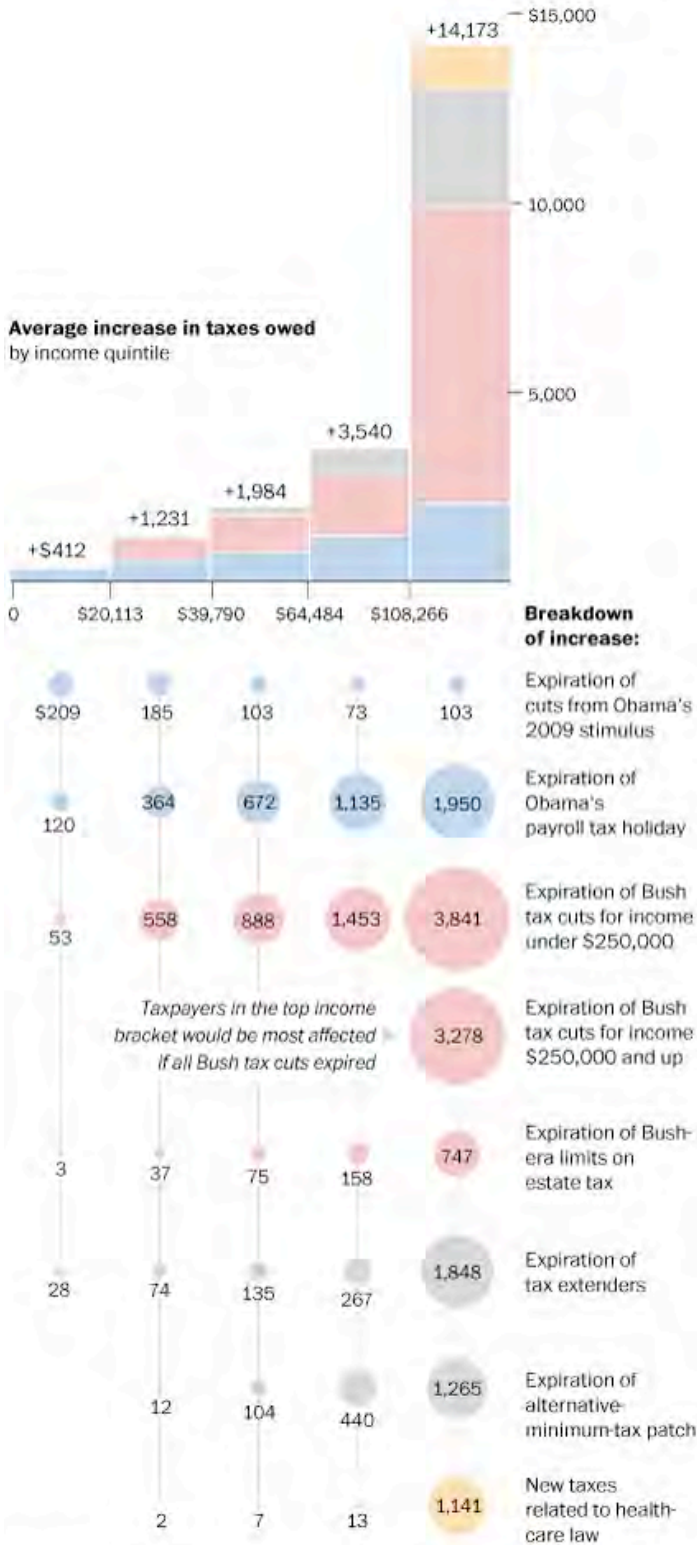
FIGURE 2
Change in Average Federal Tax Rate by Cash Income Percentile, 2013



Source: Urban-Brookings Tax Policy Center Tables T12-0208 to T12-0215

111

111 <http://www.taxpolicycenter.org/UploadedPDF/412666-toppling-off-the-fiscal-cliff.pdf>.



Note: Because of rounding, breakdown numbers do not all add up to totals.

112

112 http://www.washingtonpost.com/business/economy/how-much-more-would-you-pay/2012/10/01/ab4294cc-0c1b-11e2-bd1a-b868e65d57eb_graphic.html.



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