



ON MAY 12

**LETTER ON \$653 MILLION IN REVENUE OPTIONS
FROM IMPROVED GOVERNMENT ADMINISTRATION AND REFORMED
UNINCORPORATED BUSINESS TAX**

May 31, 2012

Dear Speaker Quinn:

We write to ask you to work with us and with Mayor Bloomberg to take action on this year's budget that will begin to move our neighborhoods and our city out of the deep hole that the Wall Street collapse and austerity budgets have caused. And we write to offer concrete revenue proposals that would allow increased investment in front-line needs, in addition to restoration of Mayor Bloomberg's proposed budget cuts.

The last three City budgets included devastating cuts to human services, public education, homeless and antipoverty initiatives and other important services.

While the City Council -- under your effective and strong leadership -- fought to minimize the impact of these cuts on our City's most vulnerable New Yorkers, the actual impact has been harsh.

New York City communities have lost over \$320 million dollars in human and homeless services, 6,500 teaching and other educator positions in public schools, over 9,400 subsidized childcare slots for young children or working parents and over 33,500 slots in after-school programs. CUNY has lost over \$205 million in funding -- with city and state support cut by a third, tuition has increased by hundreds of dollars and more of the funding burden has shifted to students and their families.

This year we're facing even more cuts: another \$181 million cut to the social safety net, elimination of 42,000 more subsidized afterschool and child care slots for low income New Yorkers, and another \$300 increase in tuition for community college students.

It's time to stop the cuts to schools and services that low-income and working New Yorkers depend on to make it out of poverty and into the middle class -- and it's past time to stop the elimination of survival services to homeless and vulnerable New Yorkers.

Thankfully, with improved government administration and a fair-share approach to City contracting, budgeting and fiscal policy, another New York City is possible -- a City that is stronger, smarter, more humane and more prosperous is within our reach.

We can stop the cuts this year -- and we can start to invest in our communities again instead of hurting them. The City has the financial ability to avoid more cuts and allow investments by incorporating the following \$653 million of real revenue options into the FY13 budget.

We want to make this clear: These are popular, effective and fair solutions that can be accomplished this year, yielding real money reflected in specific lines in the City budget and that can be incorporated now into the FY 13 budget.

1. Unclaimed Department of Education Medicaid Reimbursements \$358 Million

The vast majority of the city's 168,000 students with special needs qualify for Medicaid, and they receive an extraordinary amount of Medicaid-reimbursable services. But DOE and the Bloomberg Administration have not been establishing eligibility and filing for reimbursement of these costs in a systematic or organized manner.

Experts estimate that the city could be eligible for hundreds of millions each year in reimbursements for Speech, Physical Therapy (PT) and Occupational Therapy (OT), Special-Ed Pre-K and related Transportation Costs based on current utilization and expenditures.

But the City has received only a small fraction of monies actually due to taxpayers under federal and state law and regulations. DOE has booked \$17 million in expected Medicaid revenue for FY 11, \$37 million for FY 12 and \$167 million for FY 13.

However, as experts testified at the March 1st City Council Education Committee hearing, the City should be eligible for and claiming more than \$525 million in Medicaid revenue each year, based on current service needs and delivery in the schools.

We cannot leave hundreds of millions of dollars unclaimed in the FY13 budget, nor can we continue to ignore the need to implement appropriate claim administration systems to obtain this money and all obtainable reimbursements from prior years.

It's worth noting that other districts around the state have been collecting many millions in reimbursement for these services, and that Rochester and Buffalo are also collecting reimbursements for transportation, taking full advantage of the process. New York City cannot afford to leave federal and state money on the table, particularly when our local share for these services is capped and proper billing will not cost us anything.

2. Efficiencies in City Contracts with the Six Largest Banks \$60 Million

We propose a 10% cut to service-related City contracts held by the six biggest banks to save \$60 million – a much lower percentage than the cut that community-based non-profit groups have suffered. We all know that critical social service contracts have been slashed over the last several years -- it's a simple matter of fairness to demand that savings and efficiencies be found in City contracts with the six largest banks.

3. Reform the New York City Unincorporated Business Tax \$235 Million

We propose expanding the UBT to cover Carried Interest profits at hedge funds (\$200 million) and capping the UBT deduction for millionaires (\$35 million). Mayor Bloomberg has supported ending special tax treatment for carried interest, and last year's state-level Millionaires Tax won broad, bipartisan support – these reforms are both fair and effective.

TOTAL \$653 Million

It's time to restore, and then do more. Through these operational efficiencies and reforms, we can restore the Mayor's proposed cuts to our City's safety net, afterschool and child care slots and other important City services.

We look forward to working with you to ensure that these revenue sources are incorporated into our work on the FY13 Budget, and we thank you for your consideration.

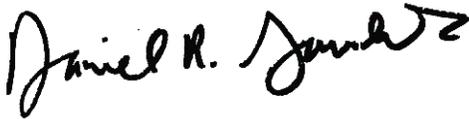
Yours very truly,



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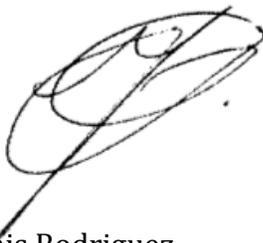
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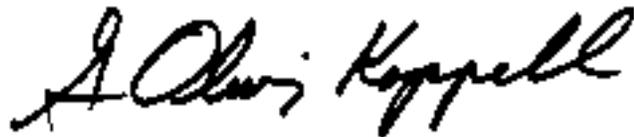
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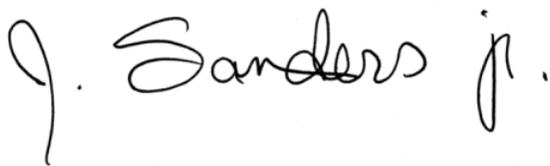
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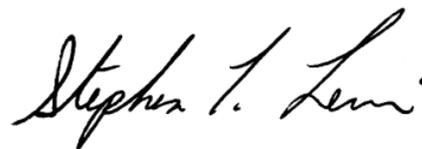
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