May 26, 2020

The Honorable Andrea Stewart-Cousins  
Temporary President and Majority Leader  
New York State Senate  
Legislative Office Building  
188 State Street, Room 907  
Albany, NY 12247

The Honorable Carl Heastie  
Speaker  
New York State Assembly  
Legislative Office Building  
188 State Street, Room 932  
Albany, NY 12248

The Honorable John Flanagan  
Senate Minority Leader  
New York State Senate  
Legislative Office Building  
188 State Street, Room 909  
Albany, NY 12247

The Honorable William Barclay  
Assembly Minority Leader  
New York State Assembly  
Legislative Office Building  
188 State Street, Room 933  
Albany, NY 12248

The Honorable Brian Benjamin  
Senator  
New York State Senate  
Legislative Office Building  
188 State Street, Room 842  
Albany, NY 12247

The Honorable Edward Braunstein  
Assemblymember  
New York State Assembly  
Legislative Office Building  
188 State Street, Room 842  
Albany, NY 12248

Dear Senate Majority Leader Stewart-Cousins, Assembly Speaker Heastie, Senate Minority Leader Flanagan, Assembly Minority Leader Barclay, Senator Benjamin, Assemblymember Braunstein:

I write to you regarding S.8400/A.9789A, which would permit the City of New York to establish a Rainy Day Fund (RDF). The Citizens Budget Commission (CBC) has championed the creation of a well-designed RDF for New York City; however, this bill fails to place essential restrictions on the use of the RDF, and should be amended to add those restrictions.

The purpose of an RDF is to save up funds that can be used to stave off the worst service cuts or counterproductive budget actions when there is an emergency—a “rainy day.” This bill does not restrict the use of the RDF’s resources, instead allowing withdrawals to be made at the discretion of the Mayor and City Council. For resources to constitute a true RDF, any withdrawal should be limited only to times of economic recession or severe emergency, as defined in law based on economic and fiscal indicators. Without these conditions, the bill would create an RDF that could be used as a slush fund instead of saved for a rainy day.
New York City has entered this fiscal crisis with a fraction of the resources that could have been available had the City been permitted to adequately fund and use an RDF. The Legislature can help New York City better prepare for the next fiscal crisis, but this bill will not establish the RDF New York City needs.

I urge you to amend S.8400/A.9789A to limit withdrawals to times or recession or severe emergency. Guidance is available in our blog, Clear as Day: New York City Needs a Rainy Day Fund. Without an amendment, the bill should be held.

Sincerely,

Andrew S. Rein
President
Citizens Budget Commission