

THE BUDGET AS A MORAL DOCUMENT

Interfaith Impact of New York State Backgrounder by Richard S. Gilbert – Spring 2018

The precious life that is in you and me, is the same in all. Rich and poor, wise and simple, strong and feeble, we are joined together by a mystic oneness whose source we may never know, but whose reality we can never doubt. When one suffers, we all suffer. When one hungers for bread, we all hunger. When one tramps the streets in search of work, we all tramp the streets. When one defrauds a fellow citizen, we are all implicated. When one destroys a human life, we all share the guilt. When one attains their heart's desire, we are all partners of their joy. This mystic oneness of the one with the many was discovered by the prophet Hosea, the Buddha, Jesus of Nazareth and St. Francis of Assisi, by Hosea Ballou and Clara Barton and Susan B. Anthony, and has been glimpsed by nearly all the great seers and leaders of humanity. We are our neighbor's keeper, because that neighbor is but our larger self. Let a sense of our vital unity with all people everywhere possess our minds and hearts. Behold, thou shalt love thy neighbor as thyself, because thy neighbor is thyself.¹

“Thy Neighbor Is Thyself” - Adapted from the Rev. David Rhys Williams

INTRODUCTION

In *The Power of Myth* Joseph Campbell says that spiritual principles used to inform society: "You can tell what's informing a society by what the tallest building is. When you approach a medieval town, the cathedral is the tallest thing in the place. When you approach an eighteenth-century town, it is the political palace that's the tallest.... And when you approach a modern city, the tallest places are the office buildings, the centers of economic life. If you go to Salt Lake City, you see the whole thing illustrated right in front of your face. First the temple was built, right in the center of the city. This is the proper organization because the temple is the spiritual center from which everything flows in all directions. Then the political building, the Capitol, was built beside it, and it's taller than the temple. And now the tallest thing is the office building that takes care of the affairs of both the temple and the political building. That's the history of Western civilization."²

And that is the reality each year in Albany, New York, as the Governor and the State Legislature struggle with the annual budget. It is the highest priority of the legislative session, so high that many apparently non-budgetary issues are folded into it to increase their chance of passage. The debate often brings up images of “special interests,” which usually are reduced to expenditures which a given legislator opposes. The governor and others keep flailing the “special interests” as some kind of evil force bent on the destruction of New York State. And there are “special interests” lobbying for their constituents, as they should in a democracy. But the “special interests” include just about every group that stands to gain or lose in the state budget.

The “special interest” of Interfaith Impact of New York State (IINYS) is the common good. The “special interest” of religious activists is advocating for the “general welfare” as best we can define it as compassion, justice and equity. If the budget is a moral document, as IINYS claims, we have a long way to go. A community is judged by how it treats the “least among us.” Typically, the state budget perpetuates New York’s growing gap between rich and poor; it encourages a kind of greed in the wealthiest among us that is unparalleled in human history; it demonstrates a lack of basic human fairness in society’s distribution of rights and responsibilities. There are, of course, economies we must take in our state. After all, any public budget is the allocation of scarce resources, but New York’s budget betrays a moral blindness that cannot go unnoticed or without comment. How New York invests its resources testifies to the character of the Empire State. And New York State leads the nation in economic inequality.

A moral perspective takes into account one of the wise provisions of Article 17 of the New York State Constitution, that our citizens have a civic duty to "aid, care for and support" the needy. Yet the *modus operandi* of legislative leaders seems always to be to reduce such programs as unaffordable and to accompany those reductions with tax cuts.

Gone are the days when the early Pilgrims began to see their responsibility for the future of their community. "In 1664, the City of New Haven asked its citizens, if they had the heart to do so, to provide a peck of wheat for the poor scholars at Harvard College. That may have been the beginning of the tax system in our country."³ Taxes are required for the good of the whole community.

That, of course, was not the beginning of taxation. Joseph told the Hebrew people to give one fifth of their produce to Pharaoh in Egypt, excepting the land of the priests only. (Genesis 47:23-26). Adam Smith wrote in *Wealth of Nations*, "There is no art which one government sooner learns of another than that of draining money from the pockets of the people."⁴ And Emerson opined: "Of all debts, men are least willing to pay the taxes. What a satire is this on government! Everywhere they think they get their money's worth except for these."⁵

Our values in this regard have been shaped by our Puritan legacy, what historian Sidney Ahlstrom calls "The American's basic contempt for poverty."⁶ R.W. Tawney, the British scholar, observed the moralistic bent of American economic and moral philosophy: "The Puritan, convinced that character is all and circumstances nothing, sees in the poverty of those who fall by the way, not a misfortune to be pitied and relieved, but a moral failure to be condemned, and in riches, not an object of suspicion but the blessing which rewards the triumph of energy and will. The moral self-sufficiency of the Puritan nerved his will, but it corroded his sense of social solidarity."⁷

Whatever Happened to the Common Good?

New York State has the most inequitable income gap of any state in the nation.⁸ The increasing "skyboxification of American life" is enhanced by the 2018 federal tax cuts heavily favoring wealthy individuals and businesses. New York State taxpayers lost their coveted tax deduction for state and local property and income taxes, which may well cost New Yorkers \$17.5 billion this tax year. The state already provides the federal government \$40 billion more in taxes than it receives in grants.⁹ Calling the federal tax legislation "double taxation," the governor has railed against the federal government, and New York, along with other hard-hit states, is suing the federal government under the equal protection clause. The underlying suspicion is that federal policy is motivated more by politics than good government.

New York is among the wealthiest states, but its income inequality has been increasing. The *Gini coefficient*, a ratio which ranges from 0 (where all households earn the same income and therefore are equal) to 1.0, where one person earns all of the income and the rest of the population earns none – total inequality) was 0.511 in 2014, dead last among the states in income equality.¹⁰

The state median household income was \$62,909 in 2016 - \$5,292 higher than the national median (latest figures available). In 2014, while the bottom 20% of New York households earned only 2.63% of total aggregate income, the top 5% earn over 25%.¹¹ The top 1% have income 40.5 times the average income of the bottom 99%. Over 3 million people live in poverty. New York State mirrors a nation in which the rich have a morally corrupting superfluity; the middle class struggles up the down escalator; the scandal of poverty in the midst of plenty increases.

New York State Statistical Snapshot: New York State Community Action Association
www.nyscommunityaction.org

State population: 19,673,174
 Population under 18: 4,182,128
 Population 25 & over 13,233,875
 Population over 65 2,724,135

New York median family income for 2016: \$77,379
 National median family income for 2016 \$71,062

State poverty rate:
 Individuals: 15.7% 3,005,943
 Children (under 18) 22.2% 929,921
 Adults 25+ 12.7% 1,673,985
 Senior Citizens 65+ 11.5% 313,143

Race and Poverty:
 White 11.3% 1,404,979
 African American 23.4% 691,900
 Hispanic/Latino 25.9% 917,179

Education and Poverty (adult population 25+) - 13,233,875
 No degree (total) 14.1% 1,864,252
 No degree (living in poverty) 29.3% 546,529

 High School (total) 26.5% 3,510,078
 High School (living in poverty) 15.1% 529,916

 Associate (total) 24.8% 3,286,320
 Associate (living in poverty) 10.9% 356,417

 Bachelors or higher (total) 34.6% 4,573,225
 Bachelors of higher (living in poverty) 5.3% 241,123

Employment and Poverty
 Living Wage for 1 adult, 1 child household \$27.16
 Hourly Wage for FMR, 2BR Apartment \$26.69
 Median Income \$40,524
 Median Income w. High School Diploma \$30,084

Health and Poverty
 No Health Insurance Employed 12.% Unemployed 26.4%

Gender and Poverty (high school diploma only)
 Male median earnings \$35,051
 Female median earnings \$24,140
 Families with female heads of household and children present 38.4% in poverty

State Minimum Wage (2018): \$13 for large New York City employers; \$12 for small New York City employers; \$11 in Westchester and Long Island; and \$10.40 in the rest of the state.

Despite its wealth, the Empire State ranks 17th (from the top) in the *US News and World Report* “Best States Report,” which takes into account income inequality (last), education (19th), renewable energy (17th), economic opportunity (44th), equality (11th), affordability (48th), business environment (17th), health care quality (40th), health care overall (13th), infrastructure (22nd), crime and corrections (5th), economy (29th) and government (23rd), among other factors.¹²

Budget Overview: The state currently faces a \$4.4 billion structural deficit, which shrinks to \$1.7 billion if spending is capped at 2 percent. The Governor is proposing a \$168.1 billion budget (states are required to balance their budgets - unlike the federal government). And, according to a January report from Moody’s, although the state is experiencing steady economic growth, the unemployment rate is 4.7% compared to 4.1% nationally. Personal income has also lagged the nation in recent years.

Public Education is 27% of the budget. The governor, facing a \$4.4 billion structural deficit, has proposed a \$168.1 billion budget, including an increase in public school aid of \$769 million, a 3 percent increase, but \$471 million less than previously promised. The Board of Regents asked for a \$1.6 billion increase. Governor Cuomo did ask for a \$7.5 billion in additional aid for higher education and included the so-called “Dreamers” as eligible for the Excelsior scholarships. However, the Alliance for Quality Education criticized the education budget as failing to honor the court decision of 2006 which would help dismantle racism and poverty in public schools by providing increased Foundation Aid to schools in poor areas of the state. AQE said \$4.2 billion more is owed to the public schools. While aid has increased for all schools over the past few years, Foundation Aid has languished and the gap between schools in rich and poor communities has widened. The Foundation Aid formula is the amount need to provide the constitutionally-mandated “sound basic education,” adjusted for student needs and regional costs, less a local share.

According to State Comptroller Thomas DiNapoli in 2016, 87 school districts in our state, 13%, face financial stress. New York spends more than \$22,000 a year on each student, (highest in the nation) but it is pointed out the state has many high needs students. (See Backgrounder on Public Education at www.interfaithimpactnys.org and “Trump’s Tax Law Will Blow Up New York’s School Funding Politics,” by Richard Brodsky, *City and State New York Slant*, January 4, 2018).

Health Care (Medicaid) is 20% of the state budget. The governor proposes no cuts here. With the uncertainty of funding from the federal government, the governor would use half of \$1 billion in additional revenues (taxing health insurance plans and deferring tax credits for companies which will benefit from federal tax cuts, adding a surcharge on opioid manufacturers, and a sales tax on Internet marketers) for a health care rainy day fund (half going to public schools). Despite the uncertainties surrounding federal health care programs, New York’s health insurance market is one of the most stable in the nation. The uninsured rate is at 4.7 percent, down from 10 percent 10 years ago. While the Affordable Care Act individual mandate has been repealed, more than 4.3 million signed up for health care, including the Essential Plan which serves 738,000 people: 534,577 benefit from Child Health Plus and 253,102 obtained private insurance. Still, 1.3 million New Yorkers remained uninsured. A single payer health plan, The New York Health Act, has been passed by the Assembly, but not the Senate. See www.interfaithimpactnys.org policy positions.

Taxation: New York State’s budget is fueled by a “progressive” tax rate system, though it is not steeply progressive (tax rates for 2016; 2018 rates are proposed to be slightly lower):

Income Tax Bracket (single)	Income Tax Bracket (couple)	Marginal Tax Rate
\$0+	\$0+	4.00%
\$8,500+	\$17.150+	4.505

\$11,700+	\$23,600+	5.25%
\$13,900+	\$27,900+	5.90%
\$21,400+	\$43,000+	6.45%
\$80,650+	\$161,550+	6.65%
\$215,400+	\$323,200+	6.85%
\$1,077,550+	\$2,155.350+	8.82%

The millionaires' tax, applicable to families with incomes above \$2 million, dropped from 8.82% to the regular top rate of 6.85% at the end of 2017.

Governor Cuomo proposes an ending of the "carried interest loophole," essentially income for partners of hedge funds and other private investment companies. Currently, those who claim the benefit pay at the lower rate of the capital gains tax rather than as ordinary income. However, there is a trigger mechanism to implement this change only if adjoining states of New Jersey, Massachusetts, Connecticut and Pennsylvania also adopt it.

Given the \$10,000 cap on the amount of state income tax and local property tax payments taxpayers can deduct if they itemize on their federal income tax returns, the Governor has proposed an alternative taxation plan. It involves a new payroll tax system and a charitable contribution program to shield New Yorkers from the \$10,000 SALT deductibility in the 2017 federal tax law revision. (See "What to know about Cuomo's taxation plan," by Joseph Spector, Albany Bureau, USA Today Network, February 13, 2018).

Progressive groups, under the umbrella of a Strong Economy for All Coalition (SEAC), have made their own tax proposals, which they claim will raise \$16 billion. They would tax corporations that benefit from federal tax cuts and create a surtax on pass-through limited liability corporations, a plan that would not affect small businesses, but would raise \$1 billion a year. There would also be a state surcharge on corporations that fail to raise pay or create jobs after being give state tax breaks. This program would envision a special tax on real estate developers and condo buyers which would raise several billion dollars. Like the Governor, this progressive program would close the carried interest loophole, raising \$3.5 billion. Opioid painkillers would be taxed, as well as individuals who profited from that industry. Finally, there would be a new tax on multi-millionaires that might raise \$2.3 billion as well as a state stock transfer tax on "high frequency and high-dollar trades" which they claim would raise \$5.5 billion. Michael Kink, of SEAC, believes there may be broad support for such legislation from progressives and populist working class Trump supporters.

Moral Analysis of the New York State Budget

Whatever the positions, the battle of the budget will be about moral values. Politics is the story of who gets what when; prophetic religion asks the further question, "why?" and introduces the common good into the equation. I am reminded of the Talmudic story about two men who came into town and saw a house burning. One man prayed "I hope that's not my house." The other rebuked him, saying, "That's an unethical prayer." Whatever happened to the Common Good?

Another rabbinical story is of the rabbi who spoke with the Lord about Heaven and Hell. "I will show you Hell," said the Lord, and they went into a room which had a large pot of stew in the middle. The smell was delicious, but around the pot sat people who were famished and desperate. All were holding spoons with very long handles to reach into the pot, but because the handles of the spoons were longer than their arms, it was impossible to get the stew into their mouths. The suffering was terrible. "Now I will show you Heaven," said the Lord, and they went into an identical room. There was a similar pot of stew, and the

people had identical spoons, but they were well nourished and happy, talking with each other. At first the rabbi did not understand. "It's simple," said the Lord. "You see, they have learned to feed each other."

It has been said "You can't write an accurate biography of a famous person without looking at his or her check stubs." How a political entity invests its resources likewise provides an accurate picture of its values. Preparing a budget is an exercise in institutional values clarification. The resources of a state come essentially from the taxes it collects. Its budgetary resources represent what we might call the "stored-up self-hood" of its citizens. Within limits, then, a budget gives an accurate picture of the moral values of New York State.

Government is that instrument of the people through which we promote justice and seek the general welfare; it is not merely a referee to keep competing factions from cheating. When a utilitarian view comes into play, the common good is defined by what the market dictates. While the market is an effective mechanism for some purposes, it does not define the common good. That common good is defined in our founding documents which charge government to "establish justice, insure domestic tranquility, provide for the common defence, promote the general welfare, and secure the Blessings of Liberty to ourselves and our Posterity..." Our moral philosophy is based on values that transcend what the market dictates.

A meeting with a New York State Assembly member in the spring of 2017 illustrates contrasting views of the common good. While the author was discussing health care with a staff member at an Assemblyman's office, he walked in, overheard the conversation and issued an invitation for dialogue. There ensued a polite, but animated, exchange of opposing views for half an hour. I supported single payer; he wanted more privatization. We departed with a friendly handshake and mutual appreciation for a civil conversation across our gaping political and religious divide.

It was more than a political discussion. He implicitly, and I explicitly, articulated theological views that undergirded our respective positions. He argued from a strongly individualistic point of view, saying that he wanted less government, more personal responsibility and more private competition. He wanted an insurance policy designed for him, paid for by him, that would not bear a direct relation to my policy, which I should design and pay for by myself. He didn't want to subsidize someone else.

As Emerson put it: "No member of a crew is praised for the rugged individuality of his rowing."

I advocated a government-based system in which all would contribute, and all would benefit. My theological and ethical point was solidarity. We are *individuals*, but at the same time also *members* of one community and should contribute to the good of the whole, even if it is not to our personal benefit. After all, I gladly pay taxes for public schools which my children do not attend. It is one of my contributions to the community. My understanding of prophetic religion leads me to work for the common good – or, more theologically put – the Beloved Community.

I spoke for the "interdependent web of all existence of which we are a part." Anyone who thinks they were self-made forgets how dependent they are on the community. Wealthy business executives, for example, ship goods to market on roads built by taxpayers; we citizens paid for the education of their workers; police and fire protection are supported by all of us. The "invincible young" who don't think they need health insurance and don't want to subsidize "old geezers," not only are vulnerable, but one day will be "old geezers" themselves and will need help. As Maya Angelou put it: "No one can make it out here alone." We are interdependent. Our ethic requires a long horizon.

Income taxes are not penalties for financial success, but obligations to justice based on ability to pay. "Good fortune obligates," as Albert Schweitzer told us.

Our religious traditions point to the common good: The Hebrew prophet Amos would have justice roll down like waters and righteousness like a mighty stream. He assailed the “fat cows of Bashan” and those who “sell the needy for a pair of shoes.” In the Gospel of Luke we read that “It is easier to go through the eye of the needle than for a rich man to enter the Kingdom of Heaven.” Jesus urged his followers to care for “the least of these.” The 19th century Massachusetts Senator Charles Sumner criticized a nation “where there are appetites without dinners at one end of the table and dinners without appetites at the other.”

A nation or a state can be judged by how it treats its poorest and weakest members. If the New York State budget is to become a moral document, it must encourage equal sacrifice among citizens – a growing responsibility on the part of the affluent, an equitable burden for the middle class and increased opportunities for the poor. There is no greater challenge to the Empire State than the need to fashion the 2018-2019 state budget as a moral document.

If that is to be the case, New York State still has a long way to go.

See also Rev. Gilbert’s Backgrounders at www.interfaithimpactnys.org

“The Self-Sufficiency Standard for New York”
 “Redistricting Testimony”
 “Taxation: What Is Just Taxation?”

NOTES

¹ Adapted from *We Speak of Life*. Boston: Beacon Press, 1955), # 79.

² Joseph Campbell and Bill Moyers. *The Power of Myth*. Anchor, 1991, pp. 95-97.

³ *Center Magazine*, May/June 1978, p. 37.

⁴ Adam Smith. *The Wealth of Nations*.

⁵ Emerson, Ralph Waldo. “Politics.”

⁶ Sidney Ahlstrom. *A Religious History of the American People*. Yale University Press, 1973 (Second Edition 2004).

⁷ R. W. Tawney. *Religion and the Rise of Capitalism*. 1926.

⁸ <https://www.us/news.com/news/best-states/new-york>.

⁹ “State leaders continue to rail against federal tax plan.” *The Capitol Pressroom*, October 9, 2017.

¹⁰ <http://www.nydailynews.com/new-yor/new-york-ranks-no-17-best-states-reeport-article-1.2983996>. *New York Daily News*, February 28, 2017.

¹¹ *New York Minute*. “Income Inequality in New York State.” Jan Vink and Robin Blakely-Armitage, Cornell University, Community and Regional Development Institute, March 2016.

¹² <http://www.nydailynews.com/new-yor/new-york-ranks-no-17-best-states-reeport-article-1.2983996>. *New York Daily News*, February 28, 2017.