

THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, N.Y. 10007

September 18, 2002

The Honorable Carolyn Maloney
United States House of Representatives
2430 Rayburn House Office Building
Washington, DC 20515

Dear Representative Maloney:

I want to thank you for all you have done in securing help for New York City after the attacks of September 11. As I'm sure you are aware, the City faces a difficult budget situation, brought about in no small part by those attacks. As you continue to negotiate the Appropriations Bills for FY03 and other major pieces of legislation, I am writing to ask you to support several pieces of legislation that would help the City at this time.

First, the attacks of September 11th, both reduced the City's revenues and increased the City's expenditures causing the projected shortfall in the City's 2003 budget to be about \$5 billion. In addition, the General Accounting Office has confirmed that the City lost at least \$1.6 billion in the City's 2002 fiscal year and will lose at least another \$1.4 billion in 2003 as a result of the attacks. We estimate that there are about \$650 million in expenditures connected with the attacks that will remain unreimbursed as things presently stand.

While the Congress and the President have provided funds to assist the City, restrictions on those funds under the Community Disaster Loan program allow only \$5 million to reimburse the City for certain expenses relating to September 11. In addition, under current law that \$5 million would have to be paid back unless special circumstances were present. If those circumstances did exist, however, they would, in New York City's case, place the City's finances in a control period under state law. In order to help the City, both the \$5 million cap and the requirement that the funds be repaid need to be removed. Legislation will soon be introduced to allow a portion of the funds already provided to reimburse the City for expenses already incurred.

Second, the City is diligently working to provide the best possible prevention of, and response to, any future terrorist attacks. The President has proposed a \$3.5 billion block grant for First Responders. It is very important that this money be made available quickly and directly to large local governments. Decision-making on the use of these funds should be in the hands of the City and the first responders themselves - the police, firefighters and health care providers.

Third, the City of New York has historically received federal assistance for holding thousands of criminal aliens in incarceration. Now more than ever, such individuals must be retained. If the State Criminal Alien Assistance Program was eliminated, as proposed in the Senate, the City would lose \$30 million in the first year alone.

On another issue, several years ago the Congress enacted a provision to federalize approximately 7,000 units of state and locally built public housing. Few state and local governments have devoted funds to build public housing. Although many of the units are in the City, some of the units are in upstate communities. Because the public housing operating assistance program is increased each year based on inflation, and units have been continually demolished, funding these units will not necessarily result in a cut to other jurisdictions. Federalization of these housing units could save the City \$20 million.

Medicaid, as you know is a large and growing part of the City's budget. New York is one of the few states where local governments share with the state in Medicaid participation. A temporary increase in the Federal match would be of great budget relief to both the City and State. Representative King has been a leader on this issue and he deserves our support. For example, a 1 percent increase in the Medicaid match would save the City approximately \$75 million.

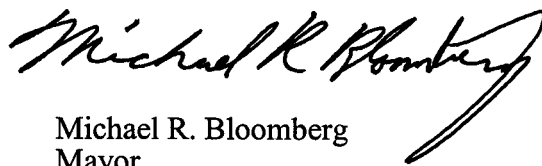
Several years ago, the Disproportionate Share Payments that support hospitals serving a disproportionate share of low-income uninsured individuals were placed on a schedule for reduction. New York State and, in turn, New York City hospitals are the largest recipients of this program. Restoring these payments would result in about \$250 million for the State and \$60 million for the New York City Health and Hospitals Corporation.

As one of my Federal legislative priorities included in the City budget released earlier this year, I made a proposal to give the State the option of extending the current four month limit on how long a family can receive services like transitional housing, supported with Temporary Assistance for Needy Families (TANF) funds after a personal emergency, such as domestic violence or homelessness. For most of these families, four months is not long enough for them to recover financially and regain self-sufficiency. If this proposal is adopted, it is estimated that the City would save \$10 million.

Finally, the City prefers the work requirement in the Senate TANF reauthorization bill because these are tough requirements but they still allow us the flexibility needed, particularly in light of State labor laws which may conflict with the House bill. In addition the current TANF population has more barriers to work than ever before with almost 27 percent of them having full or partial disabilities and many of those on the rolls are elderly or have severe skill limitations.

I would greatly appreciate your help on these issues. If you wish additional information, please contact Judy Chesser, Director of the City's Washington Office at (202) 624-5900. Once again, thank you for your consideration and for all you have done. I have sent a similar letter to all of the members of the New York State Delegation.

Sincerely,



Michael R. Bloomberg
Mayor