



Andrew Yang Wants Alma Mater Columbia to Pay for City Services

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Andrew Yang, the former presidential contender running for New York City mayor, says his alma mater Columbia University is going to have to pitch in to help with the city's budget. How much money he says he can get may be a stretch.

Yang, a 46-year-old Democrat, wants wealthy universities in the city to pay for services like fire protection and garbage removal. And he wants to scrap a tax subsidy given to Madison Square Garden. Combined, his proposals could raise "in the low hundreds of millions," he said.

"There are very significant property tax exempt landlords in New York City that are benefiting from various city services that I believe could pay for those services," Yang said at a Bloomberg News editorial board meeting on March 3. "My alma mater Columbia University, they buy an apartment building and use it to house faculty, we don't get any property taxes on the building any more and they benefit from city services."

Tapping into the wealth of schools with large endowments has been a perennial target for mayors in many cities struggling to pay the bills. But whether Yang could raise as much as he says is uncertain, since similar programs in other cities don't yield the kind of cash he envisions.

Boston, which has the biggest payment-in-lieu-of-taxes program in the U.S., receives just \$34 million in voluntary payments from 37 schools and hospitals. Yale University, the second-richest U.S. private college with an endowment of \$31.2 billion, pays \$5 million in taxes on non-academic properties. It voluntarily contributes \$13 million to its hometown of New Haven, Connecticut.

Public Opinion

In New York City, Yang's proposal would only apply to universities with multi-billion dollar endowments and hospital systems affiliated with them. At least four universities meet that criteria: Columbia, Cornell, Rockefeller and NYU. Their endowments total about \$25 billion, about 60% of that at Harvard University.

A spokesperson for Columbia said the university contributes significantly to city revenue by paying taxes on about 500,000 square feet of commercial property. The university also makes payments to a Harlem development agency and contributes to affordable housing and city parks. In addition to its faculty, Columbia employs more than 11,000 city residents, paying them \$1.2 billion in 2016, according to the university.

Cornell, which is based in Ithaca but has a tech campus, a medical school and other buildings in New York City, declined to comment. New York University and Rockefeller University, a biomedical research university, didn't respond to questions about Yang's proposal.

Yang's proposal is "ambitious," and would take extensive negotiations, said Daphne Kenyon, a resident fellow in tax policy at the Lincoln Institute of Land Policy. "If something like this happened in New York City, it would be a big deal because they just have not gone this way," Kenyon said.

Campaign Promises

Leading the polls for the June 22 Democratic primary, Yang has been criticized for campaign promises that longtime city politicians say will be impossible to fulfill, such as wresting control of the Metropolitan Transit Authority away from the state.

"The city is a ward of the state," said Howard Cure, director of municipal bond research for Evercore Wealth Management LLC.

Yang can't just increase or create new taxes "without the approval of the state," he said. "The universities

in the city are an engine of growth in various forms of research. I don't think you want to impede that growth as the city attempts to recover economically."

Yang is also trying to adapt many of the policies he put forward during his failed presidential run in New York City. For instance, he has proposed a "basic income" of \$2,000 a year for the city's 500,000 poorest residents. To pay for the \$1 billion plan, he said he's been speaking with private businesses and philanthropists to help fund it. He also wants to expand transit discounts, increase broadband for low income New Yorkers, and chip away at the New York City Housing Authority's \$40 billion capital backlog.

The pandemic reduced sales-tax revenues and depressed commercial real-estate values -- widening the city's budget gap for the fiscal year beginning July 1 to \$5.3 billion. While the city is getting \$5.6 billion under President Joe Biden's federal aid package, that won't be enough to cover annual deficits of \$4 billion starting in fiscal 2023 and any new programs proposed by the Democratic mayoral candidates.

Yang said he was banking on his relationships with U.S. Senate Majority Leader Chuck Schumer and other high-ranking Democrats to steer more federal money to the city. He said he would ask city workers to contribute to health insurance and save money through employee attrition.

However, his main avenues for raising money would require the approval of state lawmakers. Yang supports an additional tax on homes worth more than \$5 million, which could raise \$232 million annually, and he wants to eliminate a property tax exemption for Madison Square Garden, worth more than \$40 million.