



THE CITY OF NEW YORK
INDEPENDENT BUDGET OFFICE
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May 2, 2024

VIA EMAIL

Council Member Justin Brannan
JBrannan@council.nyc.gov

Dear Council Member Brannan,

At your request, the Independent Budget Office (IBO) has studied Staten Island's hypothetical secession from the City of New York. The population of Staten Island at the close of 2022 was over 491,000 residents according to the U.S. Census Bureau. In the attached memo, IBO discusses a brief overview of the 1990s secession efforts and related fiscal studies, major revenue sources for Staten Island, and considerations for the provision of municipal infrastructure and services on an independent Staten Island.

IBO found that the mechanisms to enact secession are highly complex and would likely result in years of litigation. For residents, the continuation of municipal services for an independent Staten Island would either require additional revenues to be raised, benefits and services to be reduced or both. Two studies of revenues and expenditures from the early 1990s found that an independent Staten Island would have run a deficit of \$171 million to \$199 million. Although one of the studies determined that other similarly sized cities could generally run on a revenue base akin to Staten Island, this would likely require a cut in services to residents. If property taxes were raised to generate additional revenue, the burden would largely fall on owners of one-, two-, and three-unit houses (60% of Staten Island's properties). IBO estimates property taxes are the largest revenue source for Staten Island, at around \$1.1 billion. Neither of these prior studies addressed citywide infrastructure projects for which Staten Island would both need to negotiate up-front payment to the City in the case of secession, and then maintain as an independent municipality. There is no direct precedent for how to apportion existing assets and liabilities in this context.

An independent Staten Island would need to establish its own school district, and key systems such as libraries and human services, police, fire, sanitation, and correctional forces, and many other aspects of local government. Staten Island would lose economies of scale with regards to service delivery and the potential for shared resources, including recruitment and training for uniformed personnel, waste export services, extensive library branch systems, and cable and communication franchise agreements. In some areas such as healthcare and corrections, Staten Island may need to add facilities that currently do not exist. Secession may have implications for Staten Island residents who are current or future City employees, as most positions require City residence for at least the first two years.

Secession would affect everyone who lives on Staten Island. IBO does not take a position on secession.

If you have any questions, please contact me at LouisaC@ibo.nyc.gov.

Sincerely,

A handwritten signature in cursive script that reads 'Louisa Chafee'.

Louisa Chafee, Director

MEMORANDUM

To: Council Member Justin Brannan

From: Louisa Chafee, Director

Date: May 2, 2024

Subject: Study of Hypothetical Staten Island Secession

At the request of Council Member Justin Brannan, the Independent Budget Office (IBO) has studied Staten Island’s hypothetical secession from the City of New York (“secession”). The study outline is as follows:

- 1) A brief overview of the 1990s secession efforts and related fiscal studies;
- 2) Several of the major City revenues generated by Staten Island;
- 3) Considerations for the ongoing provision of municipal services on Staten Island;
- 4) Capital and debt expenditures Staten Island would need to assume in independence;
- 5) City employment for Staten Island residents;
- 6) Property tax as potential source of additional revenue.

1a. History of Secession Consideration in the 1990s

In 1990 under authority provided by State legislation, a majority of Staten Islanders voted to secede from New York City, initiating what—to date—has been the most explicit steps the borough has taken towards secession. The referendum vote led to the creation of a State Charter Commission for Staten Island which drafted a city charter for a prospective City-County of Staten Island and studied potential implications of independence for the borough and the remaining City.

In 1994, this Commission introduced legislation in both the New York State Senate and Assembly to authorize and implement secession. However, Assembly Speaker Sheldon Silver determined that that a formal request (known as a “home rule message”) was required from the City of New York before the Assembly could vote on secession legislation. Both City Council Speaker Peter Vallone and Mayor Rudolph Giuliani opposed secession; no home rule message was forthcoming.

A lawsuit opposing the home rule message requirement was filed, and ultimately the court ruled that decisions about home rule messages were legislative in nature, and not subject to judicial review. The New York State Senate passed a secession bill (S. 3781) in April 1995, but no action was taken on the corresponding Assembly bill (A. 6436). Further talk of secession then waned.¹

1b. Two Fiscal Studies related to Secession Considerations in the 1990s

Two separate studies were performed in the early 1990s to study secession and were released within a month of each other in July 1992:

- 1) State Charter Commission for Staten Island published a series of reports studying the potential implications of independence;²
- 2) Mayor David Dinkins appointed the Mayor’s Task Force on Staten Island Secession in 1991, to study the matter from the City of New York’s perspective.³

These studies differed from early secession reports in that their researchers had direct access to New York City data. The estimated revenue and costs of delivering services are shown in Figure 1.

Both studies arrived at their calculations in similar ways:

- Estimates for revenues generated by Staten Island were derived from property taxes, sales tax, water and sewer fees, and other revenues that could be attributed to being generated by the borough.
- Funding from State or Federal sources was prorated based on funding formulas, per capita, or property values per capita.
- Costs of delivering services were identified based on direct borough-based costs when possible or estimated on a prorated basis for administration and citywide centralized costs.

Figure 1
Both 1990s Studies Estimated Budget Deficits for Staten Island

	State Commission Study	Mayor's Task Force
Revenues Generated	\$955 million	\$657 million
Costs of Delivering Services	\$1.126 billion	\$856 million
Fiscal Impact	(\$171 million)	(\$199 million)

SOURCES: Report to the New York State Charter Commission for Staten Island (1992); Mayor's Task Force on Staten Island Secession (1992)
New York City Independent Budget Office

Neither study:

- Accounted for economies of scale in administering City services that would be lost for Staten Island if it seceded, although this was one of the many caveats listed in both reports;
- Accounted for capital costs or the complicated process of decoupling Staten Island from existing bond issuances for capital projects on Staten Island.

Within the State Charter Commission study, a separate comparative analysis of the budgets of other similarly sized cities found that while they offered less services than the Borough of Staten Island, their budgets were an amount that an Staten Island could support.

2. Major Revenues Generated by Staten Island

Staten Island residents contribute revenues to the City through several taxes. Because tax revenue is not directly reported by borough, IBO estimated the borough's contributions to the three largest tax revenue streams as well as an estimate of water and sewer payments, shown in Figure 2.⁴ Citywide, these three taxes total \$56.7 billion and water and sewer collections total \$3.8 billion.

IBO is unable to estimate the following additional revenue sources due to data limitations:

- Business income taxes;
- Mortgage recording tax and real property transfer tax;
- State or Federal aid.

Figure 2
IBO's 2022 Estimates for Three Largest Tax Revenues and Water and Sewer Payments From Staten Island

	Staten Island	Total Citywide
Property Tax	\$1.1 billion	\$30.2 billion
Personal Income Tax	\$509 million	\$18.0 billion
Sales Tax	\$301 million	\$8.5 billion
Subtotal	\$1.9 billion	\$56.7 billion
Water and Sewer Payments	\$169 million	\$3.8 billion

SOURCES: IBO analysis of New York City's Department of Finance property tax annual reports, New York State Department of Taxation data, New York City Department of Finance data, and Department of Environmental Protection billing data.
New York City Independent Budget Office

3. Considerations for the Ongoing Provision of Municipal Services on Staten Island

IBO reviewed key aspects of government operations that Staten Island would independently need to provide, arrange, or negotiate in some combination, were it to secede, based on what is currently provided to the borough. This discussion is for illustrative purposes and is not exhaustive. Across many areas, economies of scale would be lost with regards to service delivery and the

potential for shared resources. These areas include recruitment and training for uniformed personnel, waste export services, libraries, and cable and communication franchise agreements (see Figure 3). In some areas such as healthcare and corrections, Staten Island may need to add facilities that currently do not exist. In addition, an independent Staten Island would probably need to establish competitive salaries and pensions for its workforce, as well as participate in its own collective bargaining with any staff unions.

Communications

Both cable (Altice USA, Spectrum), and communication (Verizon) are provided through Citywide franchise agreements which allow private entities to use City property for provision of services. In secession, Staten Island would need to re-negotiate with entities, assume responsibility for the former New York City property, and potentially compensate New York City for its loss of revenue in departure.

Social Services

According U.S. Census Bureau’s 2022 American Community Survey, 12% of Staten Island’s 170,000 households were below the poverty level and are eligible to receive benefits such as Supplemental Nutrition Assistance Program, cash assistance, housing supports, and subsidies for heating and cooling. These programs are locally administered but overseen by the State. New administrative plans would need to be drafted and approved by the State. Figures 4 through 6 delineate current services for Staten Island in terms of public schools, programs for youth and older adults, and uniformed services, as well as important considerations in the event of secession.

Transportation

An independent Staten Island would probably need to:

- Negotiate an agreement with the Metropolitan Transportation Authority (MTA) to continue to operate the Staten Island Railway and bus services, which are presently subsidized by the City;
- Discounts for bridge crossings could be renegotiated with the agencies operating bridge crossings—the Verrazzano-Narrows Bridge is administered by the MTA Bridges and Tunnels, and the Goethals Bridge, Bayonne Bridge, Outerbridge Crossing by the Port Authority of New York and New Jersey;
- The Staten Island Ferry, operated by NYC Department of Transportation, would also require legal restructuring, and fares may be reinstated.

Water and Sewer

For the water and sewer system, an independent Staten Island would probably need to obtain its water from the New York City water supply system in an arrangement similar to several upstate counties. Staten Island would likely have to enter into an agreement with the New York City Water Authority for continued use of the existing system infrastructure.

Figure 3 Healthcare and Library Services Provided For Staten Island	
Current Services	Considerations
New York City Health + Hospitals <ul style="list-style-type: none"> • 2 public health facilities. 	<ul style="list-style-type: none"> • Staten Island is the only borough without a public hospital.
New York Public Library (NYPL) <ul style="list-style-type: none"> • 14 branches providing library books, media material, programming, access to computers and other resources. 	<ul style="list-style-type: none"> • Separating Staten Island branches from the 92-branch NYPL system would reduce the number of books and media available to cardholders.
SOURCES: Websites for New York City Health + Hospitals and New York Public Library <i>New York City Independent Budget Office</i>	

Figure 4

Public Schools on Staten Island

Current Services	Considerations
Department of Education <ul style="list-style-type: none"> 89 traditional public schools, including 8 charter schools. 	<ul style="list-style-type: none"> 72,000 public school students residing in Staten Island, 3,400 of which currently attend schools in other boroughs including specialized or selective high schools. Potentially require additional classrooms or schools to accommodate students currently enrolled in other boroughs. Staten Island would need to conduct its own independent recruitment and training of teachers.

SOURCE: Department of Education data

New York City Independent Budget Office

Figure 5

Youth and Older Adult Services for Staten Island

Current Services	Considerations
Department of Youth and Community Development ⁵ <ul style="list-style-type: none"> 35 Comprehensive After School System of NYC (COMPASS NYC) programs. 24 School's Out New York City (SONYC) programs. 7 Beacon school-based community center programs. 13 Cornerstone Community Centers at New York City Housing Authority (NYCHA) Community Centers. 10 Summer Youth Employment Program (SYEP) sites. 2 Train & Earn programs for students at risk of dropping out. 1 Learn & Earn program for low-income youth. 	<ul style="list-style-type: none"> Replace, reduce, or end the City's current afterschool programming through the COMPASS NYC, SONYC, Beacon, and Cornerstone programs. Replace, reduce, or end paid youth employment programs such as the City's SYEP, Train & Earn, and Learn & Earn. Employment options would be restricted to Staten Island.
Department for the Aging <ul style="list-style-type: none"> 12 Older Adult Centers provide opportunities for older New Yorkers to access nutrition (free meals) and health services as well as socialization, education, and volunteerism. 	<ul style="list-style-type: none"> Replace, reduce, or end programming for older adults.

SOURCE: 2024 Preliminary Mayor's Management Report

New York City Independent Budget Office

Figure 6

Uniformed Services (Police, Fire, Sanitation, Corrections) for Staten Island

Current Services	Considerations
New York Police Department <ul style="list-style-type: none"> 4 precincts out of 77 citywide. 	<ul style="list-style-type: none"> Loss of deployment of additional services to Staten Island in times of need. Training facilities are largely currently located in other boroughs.
Fire Department of the City of New York <ul style="list-style-type: none"> 20 firehouses out of 250 citywide. 	
Department of Sanitation <ul style="list-style-type: none"> 3 sanitation garages out of 60 citywide providing trash removal, street cleaning and snow plowing services. 	<ul style="list-style-type: none"> Staten Island would need to negotiate their own waste export contracts.
Department of Correction <ul style="list-style-type: none"> There are no jails on Staten Island. 	<ul style="list-style-type: none"> Individuals arrested within the borough are currently detained at other New York City jails. No borough-based jails are currently planned for Staten Island.

SOURCES: Preliminary Mayor's Management Report 2024 and agency websites

New York City Independent Budget Office

4. Capital and Debt Expenditures Staten Island Would Need to Assume in Independence

Citywide infrastructure projects for which Staten Island would both need to negotiate up-front payment to the City in the case of secession, and then maintain as an independent municipality include, but not limited to:

- Capital outlays for Fresh Kills park including methane remediation;
- All Staten Island projects managed by the Economic Development Corporation (such as the North Shore 2030 project).

IBO cannot predict the mechanisms by which the City would disentangle present spending in areas such as debt service, pensions, and fringe benefits from Staten Island in the case of secession, due to the extremely complex nature of the existing structures. The 1992 Task Force report noted several of these challenges which remain true today:

- “The eventual allocation of debt service would involve numerous philosophic and legal issues and could quite likely become a subject of litigation.”
- “The accurate determination of pension costs would require extensive actuarial research.”
- “A more detailed study, negotiations, and perhaps litigation would be needed to determine Staten Island’s share of fringe benefit costs.”⁶

General obligation long-term debt has been issued over many years to finance infrastructure projects located on Staten Island, including schools, housing, libraries, and many other City-owned and operated buildings. Staten Island would have to negotiate to pay its share of the City of New York’s bond liabilities, which totaled \$98 billion in 2023, according to the City Comptroller. IBO cannot estimate the strength of an independent Staten Island’s credit rating.

5. City Employment and Tax Potential Impacts for Staten Island Residents

Almost 43,000 Staten Island residents are employed by the City of New York. Since 2010, for most City employees (exceptions include New York Police Department, Fire Department of New York City, and most in the Department of Education), there is a City residency requirements for the first two years of employment. After that, employees are eligible to live in specific counties outside of the five boroughs with continued payment of income taxes to the City.⁷

IBO cannot predict the impact on residency requirements for Staten Island residents employed by the City of New York, but Richmond County would need to be added to the list of eligible counties of residence in local law or by mayoral executive order after the occurrence of secession. Thus secession could have employment-altering implications for Staten Island residents who currently work for the City of New York, or who might want to become so employed in the future, and would reside on an independent Staten Island.

Figure 7

A Majority of City Employees Residing in Staten Island Work Within the City’s Collective Bargaining Units



6. Property Taxes as Potential Source of Additional Revenue

Property taxes are the largest source of tax revenue generated by Staten Island. In fiscal year 2022, Staten Island generated \$1.1 billion in property tax revenue out of \$30 billion total citywide.

- Presently, growth caps on assessed values for one-, two-, and three-unit houses (Class 1 properties) in New York City have led to disparities among the property tax liability, with Staten Island homeowners having the highest effective tax rates among Class 1 properties by borough. This is particularly notable because the majority of properties (60%) on Staten Island are Class 1.
- However, across the City's whole property tax system, Class 1 properties presently pay some of the lowest rates relative to rental, condominium, and cooperative apartment buildings (Class 2), utility properties (Class 3), and commercial properties (Class 4).⁸
- Property taxes would be the most obvious way to generate additional revenues for an independent Staten Island, but the City's lower tax rate for Class 1 is only possible because of the tax revenues generated elsewhere in the City's Class 2, 3, and 4 properties, a tax base that is largely outside of Staten Island.
- Thus, much of the additional revenue that would need to be generated to support municipal services for an independent Staten Island would likely derive from tax rate increases on Staten Island's Class 1 properties. In the Mayor's Task Force study, the increase was estimated to be approximately 75%; IBO has not verified or updated this estimate.

While IBO cannot predict the level of municipal service a hypothetical independent Staten Island would provide, starting with studies in the 1990s there has been certainty that services comparable to current New York City services would require Staten Island to identify major additional sources of revenue.

Summary and Conclusion

Recent calls for secession from elected officials follow many decades of reoccurring discussion on the topic.⁹ While some have depicted secession as simple, the facts speak to the probable deep disruption for businesses and residents, need for new ballot referendums and drafting of an independent Staten Island City-County charter, likely litigation, and the resulting uncertainty that would ensue. An independent Staten Island would mean losing economies of scale that presently benefit all the boroughs. Furthermore, apportioning centrally managed costs to Staten Island would be complicated and could involve lengthy negotiations to resolve, such as for pension and fringe benefits, and decoupling outstanding bond issuances for capital projects in Staten Island. In short, secession is highly complex, would take many years to implement, and would either be more expensive for Staten Island residents, require an independent Staten Island to reduce benefits and services to residents, or both.

Endnotes

¹Joseph P. Viteritti, [Municipal Home Rule and the Conditions of Justifiable Secession](#), 23 Fordham Urb. L.J. 1 (1995).

²Specifically, IBO reviewed: Robert Berne, Dick Netzer and Leanna Stiefel, “Status Quo Fiscal Study: An Analysis of New York City Expenditures and Revenues on Staten Island,” Report to the New York State Charter Commission for Staten Island (1992) and Thomas Matteo, “Services Expenditures and Revenues: A Comparative Analysis of 25 Cities,” Report to the New York State Charter Commission for Staten Island (1992).

³Mayor’s Task Force on Staten Island Secession, Office of Management and Budget, Department of Finance, “Staten Island Secession: The Price of Independence,” July 1992.

⁴Property tax is by City fiscal year and was estimated from New York City’s Department of Finance property tax annual reports. Personal income tax was estimated from New York State Personal Income Tax liability by borough from the New York State Department of Taxation and reflects calendar year payments. Sales tax was estimated from New York City Sales Tax Liability and Taxable Sales by borough from the New York City Department of Finance, by calendar year. Water and sewer bill estimates based upon Department of Environmental Protection billing data by City fiscal year. Total water and sewer billing are reported in the Mayor’s Management Report.

⁵The Department of Youth and Community Development runs several afterschool and youth employment programs. Comprehensive After School System of NYC (COMPASS NYC) comprises more than 900 programs serving young people enrolled in grades K-12. School’s Out New York City (SONYC) after school program is for students in 6th, 7th, and 8th grades. Beacon Community Centers are school-based community centers serving children, youth, and adults. Cornerstone Community Centers, which provide year-round programs for adults and young people at New York City Housing Authority (NYCHA) Community Centers. The Summer Youth Employment Program (SYEP) provides NYC youth between the ages of 14 and 24 with paid summer employment for up to six weeks. Learn & Earn is a year-round program for high school juniors and seniors at risk of dropping out. Train & Earn is a year-long program for low-income youth between the ages of 16 and 24 who are not working and not in school.

⁶Mayor’s Task Force on Staten Island Secession, p. 11, 13.

⁷City personnel numbers derived from IBO analysis of City Human Resource Management System data. The residency requirement was changed by local law 48 of 2009 and mayoral executive order number 131 of 2010. See [100 8 empl residence info sheet.pdf \(nyc.gov\)](#) for more details.

⁸Property tax disparities across and among the four property classes are detailed in the 2021 Final [Report](#) issued by the New York City Advisory Commission on Property Tax Reform.

⁹Barkan, R. (2023, September 5). [Let Staten Island Pay the Price for Secession Talk](#). *Crain’s New York Business*. Borelli, J. (2023, September 13). Letter: [Staten Island’s Prepared to Back Up Secession Talk](#). *Crain’s New York Business*.