Testimony on the FY 2018-19 Executive Budget Proposal

Workforce Development

Presented Before:
New York State Senate Finance Committee
Chair, Senator Catharine Young

&

New York State Assembly Ways and Means Committee
Chair, Assemblywoman Helene Weinstein

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Introduction

I would like to start by thanking Chairwoman Young, Chairwoman Weinstein, and members of the Senate and Assembly for the opportunity for CSEA to comment on the FY 2018-19 Executive Budget proposal.

CSEA proudly represents 300,000 public and private sector employees and retirees across the state. CSEA members care for the developmentally disabled and mentally ill, protect our children, plow our roads, work in our schools, and provide countless other state and local government services. Our members take pride in the work they do and they never quit on their work, on each other, or on their communities.

Each Executive Budget proposal must be viewed in the context of the environment in which it was proposed. The 2018-19 Executive Budget has been put forward during a time when the current levels of financial support from the federal government is in doubt.

Many New Yorkers will be hurt by actions from Washington D.C. The recently enacted federal tax reform caps the deductibility of state and local taxes for many New Yorkers, and even more New Yorkers will be harmed by the cuts to federal programs like Medicaid and Medicare that are expected to follow tax reform to make up for the loss of $1.5 trillion in federal revenue over the next decade.

The policies being discussed and enacted in Washington, D.C. have undoubtedly put pressure on the finances of the State of New York and its residents.

New Yorkers have also been hurt by years of misplaced priorities at the state level. Years of underfunding state agencies, flatlining local government support, and continued spending on questionable priorities has left the state in a tenuous spot, more vulnerable to changes in Washington, D.C. than it needs to be.

I am hopeful that this budget can represent a turning point in those practices by the state.

The state is facing a $4 billion budget deficit. In previous years, we would have likely seen significant cuts to funding for state operations, health care, and local governments in order to close the deficit. It is promising to see that the Executive has chosen to look at new sources of revenue rather than further erode public services.

While not perfect, this year's proposed budget gives us the opportunity to fix many of the mistakes made in years past. There are many proposals in this budget that CSEA supports and will work to see enacted into law. As always, however, there are portions of this budget that do great harm to public services, employees and retirees and we will fight to defeat these proposals.

I look forward to working with the legislature to move forward with the good parts of this budget while also addressing the very real concerns we have with aspects of this proposal.

Revenue and Taxes

The Executive Budget includes roughly $1 billion in new revenue to help close the $4 billion budget deficit. These new revenues will help to smooth out the impact of the budget deficit and federal cuts while protecting residents and the services they depend on.

State agencies have been flat-funded for years, and State support to local governments in the form of Aid and Incentives to Municipalities (AIM) has not increased since 2011-12. With the state facing such a significant deficit, the only way to balance the budget without raising revenues would be to look for further cuts to state operations and local governments, resulting in fewer services to those who need our help the most.

These new revenue proposals are reasonable and appropriate. It makes sense for online marketplaces to collect sales taxes, it makes sense for a fee on opiates to help to stem their overuse and abuse, and it makes sense that insurers be required to pay their fair share considering the massive tax cuts they are receiving from the federal government.

CSEA supports these new revenues that will help to protect public services from devastating funding cuts.

CSEA is also closely monitoring potential proposals to change the way New Yorkers are taxed to shield them from some of the losses imposed on them by federal tax reform. Since there is no concrete proposal contained within the Executive Budget at this point, I will keep my comments on the subject brief.

It is clear that New York was meant to pay for the tax cuts provided to other states as part of federal tax reform legislation. It makes sense for the state to look for ways to minimize the federal law's negative impact on New York taxpayers, and CSEA does not take issue with these proposals out of hand.

With that being said, any reform must be carefully considered and fully vetted before being enacted into law.

Congressional leaders have made it clear that they will look to cut spending in essential programs like Medicaid and Medicare to pay for the tax cuts. These cuts would hit New York especially hard. If the state is to move forward with changes to its tax code, it must ensure that any reform preserve state revenues at least at their current levels. Adding state revenue cuts to expected federal cuts would be a recipe for disaster for New Yorkers and the services they depend on.

The Governor's revenue proposals are a step in the right direction. As everything from minor tweaks to a full rewriting of the tax code is considered during budget negotiations, a wide variety of options should remain on the table. This should include looking at ways to make our tax code more progressive and more fair, especially in light of the major tax cuts given to large corporations, pass through entities, and others by the federal tax bill.

Health Care

No area of federal funding seems as uncertain as Medicaid. Many within the federal government continue to propose massive cuts to the Medicaid program, which would directly result in the elimination of health care services for New Yorkers throughout the state. Due to this uncertainty in funding, the state budget must change how it appropriates charity care funding to ensure true safety-net hospitals are properly funded.

CSEA supports an overhaul of the indigent care formula to better reflect the number of Medicaid and uninsured patients that a hospital cares for. For too long, wealthier hospitals that have limited interaction with the uninsured and Medicaid patients have received a far greater percentage of charity care funding than they deserve. On the other hand, true public safety-net hospitals throughout the state are not receiving adequate levels of funding and are finding it harder to serve their patients, many of whom are uninsured or underinsured.

The three SUNY hospitals routinely provide care to the indigent, poor, and uninsured. For example, SUNY Downstate serves a community where over 20% of the population lives below the poverty line and 40% are on Medicaid. Despite the types of patients that these hospitals take care of, the Executive Budget proposes to eliminate the $78.6 million subsidy for the operation of SUNY's three hospitals and instead provides the same level of capital funding for the three hospitals. This shift is unacceptable and will not help these safety-net hospitals fulfill their mission. This subsidy must be restored in full in the final budget.

With all the rhetoric in the Executive Budget presentation this year focusing on how New York needs to fight back against Washington's attacks on New York, it is unconscionable that the State would walk away from its responsibility to provide funding for a major public provider of healthcare.

This philosophy should also carry over to other state agencies, where ongoing State support is essential to ensure the continuation of important services.

Office for People with Developmental Disabilities (OPWDD)

CSEA was heartened to see no reductions in direct care staff within OPWDD, contrary to previous budgets. For years, the state has decreased staff and made it more difficult for remaining staff to provide the care that clients deserve without burning themselves out due to high levels of overtime. That is not to say that the OPWDD budget is perfect. CSEA continues to advocate for additional staff to be hired to alleviate mandatory overtime, and we are working with the Executive to do just that.

CSEA supports the Executive's proposal to treat patients that are released from an inpatient Office of Mental Health hospital who are dually diagnosed with a developmental disability at an OPWDD program on the Bernard Fineson campus. OPWDD officials have indicated that these programs will be state-operated and we are supportive of a budget that begins to make investments in state operated services.

While not in the Executive budget, CSEA supports an extension and expansion of the IRA closure/transfer notification law. This notice, which expires on March 31, 2018, requires OPWDD to provide forty-five days' notice prior to the closure or transfer of an individualized residential alternative (IRA).

OPWDD has recently tried to transfer IRAs throughout the state to voluntary providers. The existing statute of forty-five days' notice is not nearly enough to ensure a streamlined transfer of functions from the state to a voluntary agency. CSEA supports renewing this requirement but also wants the notice expanded to help clients and workers transition to a new service provider.

CSEA is also very supportive of the proposed funding of the OPWDD care pilots, which allow OPWDD clients to receive state-operated community based services, such as respite and job training. These programs have been proven to be extremely successful in connecting OPWDD clients to new and innovative services that enable them to live more independent lives.

Office of Mental Health (OMH)

The Executive budget proposes to reduce direct care positions in the Office of Mental Health by 271 full-time-equivalent positions through attrition while also allowing for the reduction of up to 400 treatment beds within OMH. These reductions are of serious concern to CSEA.

Available inpatient mental health services are a fraction of what they once were and patients are finding it more difficult to receive appropriate inpatient services when they are needed. Eliminating direct care staff and reducing capacity within mental health hospitals will only make it harder for those individuals truly in crisis to receive proper services. We encourage the legislature to reject these cuts to mental health treatment options within state-operated facilities.

CSEA also has severe concerns regarding the Executive's proposed jail-based restoration program. This program would allow counties to restore a person's competency to stand trial at a local jail rather than at a facility operated by OMH.

County sheriffs will be the first to admit that local jails are not set up to provide mental health treatment. Local jails lack the staff, resources and funding necessary to properly treat a patient and restore their competency. Mental health hospitals, on the other hand, have the programs, resources, and staff needed to attempt to restore a person's competency.

Between the property tax cap, flatlined state aid, and pending federal cuts, county governments are already fighting tooth-and-nail to provide the services their residents depend on. This funding should not be redirected to provide mental health treatment in an environment that is not conducive to restoring a patient to competency.

Office of Children and Family Services (OCFS)

Ella McQueen Reception Center

The Executive Budget proposes closing the Ella McQueen reception center in Brooklyn without the legally required one-year notice before such a closure. CSEA opposes the closure of this facility.

As impactful as the proposed closure of the facility is, the proposal to do so with only 30-days' notice rather than the statutorily required one-year notice, is a disservice to the workers and community. This notice was put in place for a reason - it gives the agency, workers, clients, and the community time to plan for how services will be delivered following a facility closure. CSEA asks the legislature to reject the Executive's attempt to close this facility with only 30-days' notice.

Ella McQueen serves as the initial point of entry for all non-secure and limited-secure juvenile delinquents placed with the Office of Children and Family Services (OCFS). When youths arrive, they spend fourteen days at the facility to have a medical and psychological assessment, educational testing, and an orientation for their time in an OCFS residential facility. The services given at this facility are critical to ensure that OCFS is prepared to offer these youths the individualized services that they require.

Close to Home

The budget proposes to extend the "Close to Home" program, first established in the 2012-13 state budget to transfer responsibility of youths in detention from state-run OCFS facilities to the City of New York, for five years.

CSEA has had numerous concerns regarding the Close to Home program since its inception. For years, we have raised concerns about the risk to public safety created by transferring dangerous youths to facilities that are not prepared to properly supervise them. Unfortunately, these fears were quickly realized, as incidents involving youths in the program immediately began to spring up. The facilities have a hard time keeping track of the youths, with no shortage of cases of youths going AWOL multiple times. According to an OCFS report, there were 1,114 AWOL incidents in the first year alone. In a tragic case, a youth escaped from a facility and committed a murder of another teen.

CSEA will be strongly advocating for changes to the Close to Home program that ensure better outcomes for youths while also ensuring that public safety is protected.

Local Governments

The 2017-18 budget required local governments to create county-wide panels to formalize what local governments have done for years - share services across municipalities. While the panels did not create any groundbreaking proposals, mostly because services had already been shared for years, it did allow for a more formal process to take place.

The Executive budget would make this program permanent. However, unlike the Executive Budget proposal last year, it does not tie compliance with the program to local government funding, nor is there any financial penalty proposed for counties that choose not to put forward a shared services plan.

Instead, the budget would require counties that choose not to amend their plans or put a new plan forward to explain why they chose not to do so. Local governments should have autonomy over their own decisions and should not have to explain their decision to maintain or expand services to the Department of State.

Many local governments are hurting financially and we must enact policies that help ensure they can fund the vital programs and services that they provide. As mentioned in the revenue section of this testimony, CSEA supports measures to broaden the collection of sales taxes from online marketplaces. If enacted, this proposal would provide local governments with some additional revenues to help them support and expand the important services they provide.

CSEA supports the proposed $100 million appropriation for local governments to help with implementation of “Raise the Age.” This funding must be continued a yearly basis for the program to be successful. CSEA has always maintained that the “Raise the Age” program can only be successful if county probation departments are properly funded and staffed to handle the increased workload that will inevitably follow the plan’s implementation.

Retiree Health Care

The Executive Budget proposes to cap the state's reimbursement of Medicare Part B premiums for retirees in the New York State Health Insurance Program (NYSHIP) and ignores future increases in the premium rate. The proposal would further harm retirees by eliminating the state's reimbursement of the Income Related Monthly Adjustment Amounts (IRMAA) for higher income retirees.

These proposals have been put forward by the Executive each of the last several years, and have rightly been rejected by the legislature.

CSEA strongly opposes these proposals. The state should not be looking towards retirees for spending cuts. For those living on a fixed income, any changes in out-of-pocket expenses for health care can substantially impact their budgets and financial well-being.

Retirees have much less flexibility to absorb cost increases than others. With the costs of prescription drugs, groceries, and other everyday items constantly on the rise, they are already being stretched to their limits. Combined with threats of cuts to their federal benefits, retirees cannot be expected to shoulder an even heavier burden.

Child Care

CSEA represents more than 10,000 registered, licensed group, and enrolled legally exempt family child care providers in 57 counties outside New York City. Family child care is the most flexible and affordable child care option for working families. It is often the best and sometimes the only option for parents needing non-traditional hours and flexible care to work jobs with late night or irregular hours.

CSEA is encouraged that the Executive budget proposes an additional $7 million in funding for child care subsidies. While the proposed funding level is not nearly enough to cover all children who are eligible throughout the state, it is a positive step to recognize that investments are needed in child care programs.

Procurement and Oversight

The Executive Budget includes a host of procurement reforms and the creation and/or expansion of oversight powers within state agencies and local governments.

What these proposals overlook is the fact that the State Attorney General and State Comptroller once had oversight of many of these areas. These officials already have staff in place that can handle these responsibilities in a truly independent manner, rather than entrusting the Executive with even more responsibility over all levels of government.

CSEA’s position is that the State Comptroller and State Attorney General should be given back their oversight of procurement and contracting to restore independent oversight over state government instead of another power vested within the Executive.

Design-Build

Design-build is a method of project delivery where one entity works under a single contract to design and construct a capital asset. Currently, only five state agencies/authorities have broad authority to enter into design-build contracts. Design-build authority was extended to additional agencies/authorities in the 2017-18 budget on a project-by-project basis.

The Executive Budget proposes expanding design-build authorization to the Dormitory Authority, the Urban Development Corporation, the Office of General Services, the Department of Health, and the New York State Olympic Regional Development Authority, and would expand the types of projects where a design-build contract could be used.

CSEA has long held that certain conditions should be met in order for design-build proposals move forward. These include requiring specific legislation on a project-by-project basis, language protecting existing collective bargaining agreements, and protecting public sector jobs, including ensuring continued public operation and maintenance of assets.

The final 2017-18 budget set a precedent for extending design-build authority to additional entities and for additional projects by specifying specific projects, specifying the entities that would be provided with authority for the project, providing language to protect public sector jobs and existing collective bargaining agreements, and ensuring that public employees continue to be responsible for the maintenance and operations of such construction projects.

CSEA strongly opposes the design-build proposal as written, and urges the legislature to retain its authority to approve design-build authority on a project-by-project basis.

Separation of Powers

Continuing on the topic of legislative authority, the Executive Budget once again proposes granting new, wide-ranging authority for the Division of the Budget (DOB) to adjust appropriations mid-year. This includes authority to reduce appropriations in the case of a reduction in federal support for Medicaid or non-Medicaid programs.

Perhaps most concerning is a provision that would allow DOB to institute uniform, across-the-board cuts to state operations and local assistance in the event that projections for tax receipts are at least $500 million lower than projected in the Executive Budget. School aid, Medicaid, CUNY colleges, and several additional programs would be exempted from the cuts, meaning that State operations and local governments would be entirely responsible for a cut of up to three percent. The legislature should reject, with extreme prejudice, this Executive overreach of budget authority. It is entirely unreasonable that state agencies and local governments would be made to go through a fiscal year with this budget axe hanging over their head.

CSEA opposes all language that allows the Governor to move, transfer, reduce, or change appropriations without legislative consent, and opposes unilateral authority for DOB to reduce appropriations mid-year. There is enough uncertainty in this budget from the federal government. There is no need for the state to add more chaos to the mix by allowing mid-year reductions.

Economic Development

New York has spent billions of dollars in recent years on questionable-at-best “economic development” programs meant to bring new jobs and new businesses to our state.

Unfortunately, the State often does not have the data to prove that these programs are worth the amount of money dumped into them. After years of delayed reports containing less-than-helpful information, the reporting requirements for the START-UP NY program were removed last year. Even press releases from the Executive listing the businesses involved in the program and how many jobs they are supposed to create have stopped. Taxpayers now have no way to check on the status of START-UP NY. The 2017-18 budget even attempted to rebrand START-UP NY and remove its job creation requirements.

Yet, the budget continues providing funding to advertise the START-UP NY program in out-of-state markets to attract businesses to participate.

New Yorkers deserve to know if the economic development programs that have taken precedence over practically every other area of the budget are indeed providing taxpayers with any bang for their buck.

CSEA strongly supports a top-to-bottom review of the State's economic development programs to determine if they are successful and worthy of continued investment.

Our state should be investing in local economies in a way that will have a real impact on middle class workers instead of allowing a handful of chosen companies to reap enormous benefits without creating any economic development. In an environment where the uncertainty of funds is pervasive, it is that much more important that the state undertake a serious and thorough review of how its economic development dollars are being spent.

Other Issues

In addition to the issues discussed in detail in this testimony, I would like to take this opportunity to briefly address several other Executive Budget proposals of interest to CSEA members.

CSEA supports the full funding of cost-of-living increases for direct care workers across various agencies. These workers provide some of the most important services that our communities depend on.

CSEA also supports increasing school bus safety by allowing districts to have cameras installed on the exterior of school buses to capture drivers who illegally pass a stopped school bus, and increasing fines for passing a stopped bus. These are common-sense measures that will improve school bus safety for children and bus drivers.

CSEA opposes the proposed reduction in library aid and building aid. According to the New York State Libraries Association, every dollar invested in library aid provides a return of seven dollars in library services. Public libraries provide essential services to our communities and deserve to be properly funded.

CSEA strongly opposes a provision contained in the budget that would require that the terms of a collective bargaining agreement be made public before union members have the opportunity to vote on such agreement. This provision is nothing more than an attack on public employees. It will do nothing but create animosity and hostility toward public employees. Legislation like this, whose only goal is to divide and anger the citizenry, has no place in our state.

Conclusion

I would again like to thank the Chairs and members of the Senate and the Assembly for allowing me the opportunity to speak here today.

This is undoubtedly a tough budget year. New revenues are needed to smooth the steep deficit the state finds itself in, and spending must be prioritized. This budget proposal is not perfect, and there is much work to be done. But I look forward to working with the legislature and the Executive to ensure that the men and women represented by CSEA are properly provided for and continue to have the opportunity to succeed.

On behalf of 300,000 active and retired, public and private employees across New York State, thank you for this opportunity and I look forward to working with you.