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Testimony on the FY 2020-21

Executive Budget Proposal

Workforce Development

Presented Before:
New York State Senate Finance Committee
Chair, Senator Liz Krueger

&

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

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Testimony Presented by:

Fran Turner, Director
Legislative & Political Action

Introduction

I would like to start by thanking Chair Krueger, Chair Weinstein, and members of the Senate and Assembly for the opportunity to comment on Governor Cuomo's FY 2020-21 Executive Budget proposal.

CSEA proudly represents 300,000 public and private sector employees and retirees across the state. CSEA members work in our hospitals and nursing homes, care for persons with developmental disabilities and mental illness, maintain our roads and bridges, work in our schools, provide childcare, and perform countless other services that New Yorkers rely on. Our members take pride in what they do, and they never quit on their work, on each other, or on their communities.

Years of stagnating or declining aid to local governments and flat budgets for state agencies have left agencies, local governments, school districts, and other public entities with no choice but to run lean operations.

While CSEA recognizes the difficulties associated with closing a $6 billion budget deficit, addressing this shortfall must not negatively impact the services and programs that New Yorkers rely on. At a time when our state's economy is thriving, we must ensure that any budget shortfall does not hurt the people that need services the most.

Local Governments

While the Executive's Medicaid proposals have already been widely discussed in these hearings, I think it is important to discuss the devastating impacts a major cost shift could have on local governments and the services they provide.

CSEA represents county workers in 50 counties outside of New York City, and represents about 110,000 employees that work for some type of local government.

When people think public services, they normally think of those provided by local governments. CSEA members are social workers, highway workers, snowplow drivers, and much more. Unfortunately, the state continues to make it harder for local governments to provide these frontline services.

Municipalities have been severely constrained in raising revenue to make up for the loss of state support because of the property tax cap, which was made permanent in the FY20 budget. While often referred to as a 2% cap, the cap has been below 2% for much of its existence and appears to be on the downturn again. Comptroller DiNapoli recently announced that the tax cap for school districts and municipalities with a July 1 fiscal year will be constrained by a 1.81% tax cap this year.

Counties have done a good job staying within the cap, but they can only do so much as more responsibility gets placed on their shoulders. County governments are tasked not only with supplying direct services to their residents but are also responsible for implementing and overseeing many state programs, perhaps none of which is more important than the Medicaid program.

While the State has taken positive steps in limiting the increased costs of Medicaid for counties, proposals included in the FY21 Executive Budget have the potential to reverse this trend and threaten counties' financial stability.

The FY21 budget proposes to limit State reimbursement for county Medicaid costs in two ways: 1) Counties that override the property tax cap will not receive reimbursement for the growth of county Medicaid costs; and 2) Counties whose growth in local Medicaid costs exceeds 3% will not receive reimbursement for expenses above that 3%.

It is unclear how counties will be expected to limit the growth in Medicaid spending within their borders. Counties are not responsible for setting eligibility guidelines or the level of services, but serve primarily as an agent to enroll eligible residents. They have little authority to control Medicaid growth, outside of denying eligibility and services to residents.

This proposal is nothing more than a cost-shift from the state to counties. It is unclear what the financial impact of these proposals would be on counties if implemented. However, counties will undoubtedly see dramatic cost increases while also having less ability to raise the revenues needed to meet those costs. Counties will be left with only two options to make up for this cost shift: either raise taxes or cut services. As the State seeks ways to address its budget shortfall, the continued viability of our local governments and the services they provide must be taken into consideration.

In addition, the State aid that is still provided to local governments doesn't goes as far as it used to.

Aid and Incentives for Municipalities (AIM) funding has been held flat since FY2012 and was eliminated for most towns and villages in the FY20 state budget. While municipalities are supposed to be made whole for the FY20 AIM cuts through additional sharing of sales tax revenues, this is not a solution to the problem. The funding comes out of county budgets where the funds are also needed for vital programs like child protective services. Further, even if the sales tax reimbursement fully matches the loss of AIM funding dollar-for-dollar, that would only get municipalities to the same level of funding they were receiving in 2011-12. Factoring in inflation, every dollar of state funding from 2011-12 is worth only $0.85 in 2020-21. In very real terms, local governments are receiving less support from the state than they were a decade ago.

The FY21 budget would further reduce state aid by cutting $9.3 million in funding to fifteen municipalities with the elimination of video lottery terminal (VLT) revenue sharing with localities outside of the City of Yonkers.

While this funding may not seem like a lot in the context of the entire state budget, for the impacted municipalities it makes a real difference. Every dollar matters to local governments, and this loss of funding will inevitably lead to service cuts when combined with the cumulative impact of other funding restraints.

It is imperative that the legislature reject these funding cuts to ensure that vital services can still be provided.

State Operations

While sometimes less visible than the services provided by local governments, the State provides equally valuable essential services across New York.

On the positive side, the state workforce is held more steady this year than in the recent past. Over the past decade the state workforce has been downsized and services limited as state agency budgets have either decreased or been held flat. The lack of investments in agencies has made it harder for the state to recruit and retain employees, especially in agencies like the Office for People With Developmental Disabilities and the Department of Transportation.

Despite this, the FY21 budget includes several measures that further limits the ability of state agencies to provide the services and care that New Yorkers demand.

Facility Closures

When a facility of any type is removed from a community, many parties are impacted. Residents, neighborhoods, businesses, local governments, and employees all face significant financial impacts from a closure. Unfortunately, this budget includes several proposals to close state facilities, though each takes a different approach.

The budget proposes the closure of Youth Leadership Academy limited-secure (Office of Children and Family Services) facility in Delaware County.

While CSEA opposes this closure and the loss of programs for youths that are associated with it, OCFS has provided the statutorily required one-year notice prior to the closure. This notice is extremely important. It allows the youths in the facility to be transferred to a facility that will provide them the services that they need; it allows employees the opportunity to transfer to a different OCFS facility, or to a new state agency; it allows the surrounding community to prepare for the impact of the loss of these solid middle-class job.

While we do not support the decision to close this facility, CSEA will work to ensure that employees impacted by this closure have the opportunity to continue employment with the State.

The budget also proposes to allow for the closure of an undetermined number of Department of Corrections and Community Supervision (DOCCS) facilities with only 90-days' notice.

This proposal takes the opposite approach of OCFS. It disregards the statutorily required one-year notice of closure and leaves the impacted families of inmates, who may have moved near a facility to be close to a incarcerated loved one, and the host local governments with very little time to adjust to a new reality. The proposal in the budget creates a disorderly approach when closing a facility and is contrary to existing law.

The Executive appears to recognize the potentially devastating impact of such closures by extending the Economic Transformation Program to include communities where a correctional facility has closed in the past several years. However, no new money is appropriated for this program.

The State should honor its responsibility to provide one-year notice prior to the closure of any facilities to provide for proper planning.

Mergers and Consolidations

While the merging of entities perceived to be performing similar functions often seems to make sense at first glance, things are usually not that simple.

CSEA opposes the merger of the Bridge Authority into the Thruway Authority.

The Bridge Authority is a self-sustaining entity that manages five spans over the Hudson River, as well as maintaining the structure of the Walkway Over the Hudson in Poughkeepsie.

The Bridge Authority runs an efficient operation that keeps tolls low for the residents of the Hudson Valley that use the bridges daily or sometimes several times a day. A merger with the Thruway Authority could jeopardize the autonomy and accountability of these bridges, and result in toll increases for the New Yorkers that pass these bridges every day to school and work.

Further, employees at the Bridge Authority are covered by a separate collective bargaining agreement with different terms and conditions than employees of the Thruway Authority. It is critical that the rights and benefits of these employees are respected and protected.

Unified Court System

In a similar vein, CSEA opposes the Executive Budget proposal to reorganize the state court system.

The Unified Court System has 1,600 fewer employees now than they did in 2010-11. This proposal does not include any protections against the further erosion of staff at the courts, does nothing to ensure that there will be no negative impacts on the workforce, and does not ensure that existing collective bargaining relationships will be respected.

Retirees

Public sector retirees have an outsized economic impact on New York. While it is often stereotyped that all retirees leave New York to move to Florida, The Office of the State Comptroller says that 79% of retirees in the New York State and Local Retirement System (NYSLRS) stay in New York. In 2018 alone, NYSLRS retirees generated $12.6 billion in economic activity.

Retirees are an important fabric of our economy but have much less flexibility to absorb cost increases than others. With the costs of prescription drugs, groceries, energy and other everyday items constantly on the rise, their budgets are already being stretched to their limits. 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.

The Executive Budget would unfairly target retired New Yorkers by putting forward three previously rejected proposals to drastically increase the health insurance costs of current and future retired public employees.

First, the Budget proposes to create a Tier 2 health insurance contribution for any person hired by the state on or after October 1, 2020. Secondly, the Budget would cap the reimbursement for Medicare Part B premiums for public employees or retirees enrolled in the New York State Health Insurance Plan (NYSHIP) at $144.60. Lastly, the Budget would eliminate the reimbursement to NYSHIP retirees for the Income Related Monthly Adjustments Amounts (IRMAA) supplemental premium effective for premiums incurred on or after January 1, 2020.

Each one of these proposals would have a negative impact on retired New Yorkers across our state. When combined with the reduced retirement benefits provided by Tier 6, these proposals would only make the State’s recruitment and retention problems for its own workforce that much worse.

These proposals are fundamentally unfair to retirees who dedicated their working lives to public service and should be rejected by the legislature, as they rightly have been in each of the past several budget years.

Child Care

CSEA represents more than 10,000 registered, licensed group, and legally exempt family childcare providers in 57 counties outside New York City. Family childcare is the most flexible and affordable childcare 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.

Finding licensed, safe, and quality care programs have become increasingly more difficult in our state. Over 60% of New Yorkers live in a childcare desert – meaning there are more than 50 children under the age of 5 that have no childcare providers or so few options that there are three times as many children as licensed childcare slots.

Funding adequate numbers of subsidized childcare slots helps drive economic development and helps people move out of poverty. When a person has unstable and unpredictable childcare arrangements or must place their children with an unlicensed provider, they are more likely to be absent from work or be less productive. Rather than focusing on learning a new skill at work they become sidetracked thinking about who will watch their child the next day.

CSEA asks that the Governor and Legislature prioritize childcare funding in the state budget so we can begin to ensure all working parents have access to safe and legal childcare options. The failure to do so will further delay economic advancement for working New Yorkers.

Other Issues

Highway Workers

Every day, workers across the state deal with heavy equipment, the elements, and hazardous materials to keep our state roadways clean and safe. In addition to the number of hazards of the work itself, road workers are forced to dodge distracted and impaired drivers. Something must be done to protect the dedicated public employees who make our roads and other transportation infrastructure safe for travel.

The Executive Budget includes several provisions to address ongoing safety and health issues for workers in highway work zones. While CSEA supports these provisions, we believe that more can be done.

CSEA is supportive of increasing penalties on drivers that drive recklessly in work zones and who injure or threaten highway workers. The downside of these provisions is that they are reactive. If a driver is punished for injuring a highway worker, at the end of the day a highway worker is still injured. While these measures would undoubtedly serve as a deterrent to future drivers, CSEA believes that we must also find a proactive solution to protect workers on our roads.

Consequently, CSEA is advocating for provisions that would increase fines for injuring a highway worker while directing revenues raised through such fines to make work zones safer. Whether this be through public awareness campaigns, better markings, or increased monitoring of work zones, we must ensure that any efforts to protect highway workers take a prospective approach to reducing injuries and deaths.

Child Protective Services

CSEA will advocate for the inclusion of a child protective services (CPS) caseload cap as part of this year's budget. Caseloads have been growing to dangerous levels across the state. As of November 2019, one-third of CPS caseworkers statewide had more than fifteen active cases, which is above both the OCFS and national best-practice recommendations. In addition, nearly a quarter of cases were overdue at the same time.

Unlike most states with county-administered child welfare systems, New York lacks a statewide caseload standard for child protective services caseworkers. The lack of such standard has led to large caseloads, increases in staff turnover, delayed investigations, and less than ideal outcomes for children and their families.

CSEA supports a cap that would limit the number of cases that a CPS caseworker may have to no more than two cases per week, which would equal about sixteen cases at one time during a 60-day investigation cycle. This limit is in line with laws from other states and best practice standards. In fact, a 2006 report issued by the Office of State and Children Family Services (OCFS) found that caseloads for these workers should be 12 to 15 cases per employee.

Data has shown that high caseloads are the top reason for the voluntary resignation of child protective caseworkers. Lower caseloads would keep more qualified and experienced CPS staff on the job, enabling staff to become more proficient at what can be very complex investigations. Lowering turnover would also save money for taxpayers. Separation, recruitment and training costs due to turnover are estimated to be about 2/3 of a worker's annual salary. A statewide caseload standard will help ensure CPS caseworkers remain on staff and will lead to a decrease in costs over the long-term.

Not surprisingly, high turnover can lead to negative outcomes for children. Research has found that high turnover leads to lower permanency rates, greater instability for children, longer stays in foster care, loss of trust between youth and caseworkers, and impairment of agency functioning, such as delaying the timeliness of investigations and limiting the frequency of worker visits with children. By limiting the number of cases, CPS workers will be able to spend more time with children and their families, enabling them to develop deeper levels of trust and develop solutions for the true needs of a family.

While this legislation will require additional funding, the proposal would mandate that the state pay for any new costs incurred by local social services districts. This cost-sharing arrangement mirrors the "Raise the Age" funding mechanism that requires the state to pay for all new costs associated with complying with these new requirements.

The time has come to create a statewide caseload standard for child protective services caseworkers, and we ask that this proposal be included in the enacted state budget.