Testimony on 2013-14 Executive Budget Proposal
Workforce Issues

Presented Before:
New York State Finance Committee
Chair, Senator John DeFrancisco
&

New York State Assembly Ways and Means Committee
Chair, Assemblyman Herman D. Farrell, Jr.

Wednesday, February 27, 2013
Albany, NY

Testimony Presented by
Francine Turner
Director, Legislative and Political Action Department

I would like to thank Chairman DeFrancisco, Chairman Farrell, members of the Senate and Assembly for allowing me the opportunity to speak here today. My name is Fran Turner and I am the Director of the Legislative and Political Action Department for the Civil Service Employees Association (CSEA). CSEA represents 300,000 public and private employees and retirees across the state. We represent state, county, city, town, village, school district employees, and home-based child care providers who provide services critical to the functions of every day life.

CSEA realizes the difficult financial situation the state has been forced to deal with over the past few years. While everything has to be in balance and certain strategic choices must be made, we must ensure that local communities are insulated as much as possible from harmful cuts that destroy their economy. While Governor Cuomo insists on building a "new New York" with an emphasis on creating private sector jobs, the State of New York has lost 50,000 public sector jobs between 2010 and 2012.[1] (Appendix A) In addition, the final report from the SAGE Commission indicates that the state workforce is down 14% over the past four and a half years. While increasing job growth in the private sector must be a goal, maintaining jobs in the public sector must also be a priority for a strong economy.

CSEA had hoped for more thoughtful and specific proposals, however, the budget continues to embrace the theory that the privatization of public services will solve the state's problems. The budget proposal would allow more flexibility for private entities to take over public functions and facilities. The Governor's proposal to layoff and privatize public services is shortsighted. Privatization replaces career public service jobs with jobs offering lower pay and fewer, if any, benefits, but fails to actually improve the services people need. Removing any money from the economy is hurtful to not only the worker but the economy as a whole. In addition, job loss hurts the state as well as each individual community.

It is often quoted that one dollar circulates three to five times within a community. If a person with an average salary of $38,000 loses their job the impact on the community in terms of lost economic dollars can range from $114,000 to $190,000. This has a real affect on communities throughout the State. Both the services and the workers who provide them are

---

[1] *New York State Economic and Fiscal Outlook 2013-2014*. Issue brief. Fiscal Policy Institute, Jan. 2013. Employment number taken from FPI's analysis of the New York State Department of Labor's Quarterly Census of Employment and Wages Q1 2008 – Q2 2012

critical to the economic security and stability of our communities. We can not ignore the economic impact that these public sector job losses have had and continue to have on small businesses throughout the state.

It is disingenuous to say we need to create jobs while proposing actions that will lead to job losses for public employees. In our current economic environment, we need to encourage and promote policies that put more people to work, both public and private. Governor Cuomo's budget leads you to believe that the state needs to abandon delivering services under the pretense of modernizing the state workforce. We agree that modernizing the state workforce is a laudable goal, however, the wholesale dismantling of services has not only devastated local communities financially but has impacted the quality of service people receive. This budget presents us with a choice. We can either take the route presented, which would further eliminate any semblance of the services all New Yorkers rely on or we can embrace our commitment to good jobs with good wages and benefits. We strongly urge you to reject the further erosion of our communities and reject the trend of balancing budgets by dismantling the public workforce.

I would like to examine several portions of the Executive budget and how it will further erode middle class jobs, economic stability in our communities, and the services people rely on.

Mental Health

Mental health services across the country are in a crisis and recent tragedies have magnified the need for providing services to an increasing population. One out of five families is affected by mental illness. Two thirds of those in need of treatment are not receiving it. The state has emptied out the state psychiatric centers but has failed to follow the individuals who leave these institutions to ensure appropriate and needed services are available. The legislature needs to act this year to restore services to better identify and treat the mentally ill.

For the past 20 years, the State of New York has been reducing accessibility to mental health services. CSEA was strongly supportive of the Community Reinvestment Act to ensure those who need mental health services would have reliable access to quality care in the event of a state institution closing. The law intended to protect existing programs and bring up new services where they are needed. Unfortunately this never happened and the past few years of budget cuts have slashed funding even more. The state has never lived up to its promise, thus shortchanging community mental health. There is now a lack of intervention and overall community mental health options available.

The budget language states that the commissioner will have the sole authority to determine the amounts and manner of community mental health reinvestment, with the approval of the Director of the Budget. Governor Cuomo's current proposal once again would give the commissioner of the Office of Mental Health total discretion for one more year to close, consolidate, merge or significantly reduce mental health services provided by state employees (Part H of Health / Mental Health Article VII). CSEA is opposed to this broad power being vested in the Commissioner. CSEA strongly urges the legislature to reject this language and force the Executive to develop a plan for the next year outlining what mental health facilities are to be closed, consolidated, merged, and what services will be significantly reduced. In addition, any plan must include when and where new services will be available. It is our understanding that the Division of Budget has estimated the costs of closures in this budget to be $20 million with $5 million of that going to community reinvestment.

If the past two decades of mental health reinvestment are any indication of the commitment to community reinvestment of these services, there will surely be no new services established in our communities. In fact, had we made these investments in the past, county jails and prisons would not be the primary providers of mental health services in the State today.

Due to years of cuts and a failure by the State to invest in mental health services, jails and prisons have become de facto treatment centers. However, the criminal justice system is ill-equipped to handle people with mental health issues. A 2006 study by the Bureau of Justice Statistics found that over half of all jail and prison inmates have mental health issues. In addition, that same report estimated 1.25 million people suffered from mental illness, over four times the number in 1998. County sheriffs across this state will tell you they are constantly filling their jail cells with people in desperate need of mental health services and they have nowhere to send these individuals for help This unfortunate predicament puts a tremendous strain on the state correctional facilities, county jails, employees and most importantly the local taxpayers. On average it costs between $75 to $125 per day to house an inmate in jail. The mentally ill need much more attention than the average inmate population. This increases the cost burden on local taxpayers. Rather than having people with mental illness receive treatment in local jails, they should be diverted to effective mental health programs that are more economically beneficial to counties and taxpayers.

CSEA strongly urges you to reject Part H of the Health / Mental Health Budget and to force the Governor to bring up mental health services in the community as promised before any more reductions occur. In light of the extensive discussion over the past two months and the enactment of strict gun control legislation, this is a necessary component that must be accomplished. People who need mental health services must have access to services in close proximity to where they live. In addition, there will be many individuals who will need more intensive services that can only be provided by trained state employees in more secure settings. It is critical that before one more facility closes or downsizes, we ensure that there are services in place. We need a blueprint for building a new, modern mental health care system that will ensure access for all of New York's citizens who need it.

OPWDD

Governor Cuomo is moving the Office of People with Developmental Disabilities into a managed care environment where more services will be provided by the private, non-profit sector. One of the goals of managed care is to reduce reliance on institutional care including congregate care (group homes) and offer individualized community-based services that can support all individuals even those with challenging behavioral health needs.

The 2013-14 Executive Budget proposes to shift the majority of community-based services to a network of private providers referred to as a DISCO – Developmental Disabilities Individual Support and Care Coordination Organization. Demonstration projects will begin in July 2013 and individuals with developmental disabilities can voluntarily enroll. Beginning in November 2015, participation is expected to become mandatory. OPWDD has told us that state operations will not be included in the pilot phase but will eventually be included. The bottom line is that services are transitioning away from state operated services to private community-based services. The new system will keep individuals out of residential homes. CSEA has always worked with the State on transitioning services into the community. We don't defend bricks and mortar but there must be a place for our state workforce in this new environment. The State should work with CSEA to create cost effective state run community programs and services. Individuals needing OPWDD services should be able to transition into the community while still being taken care of by employees they know and trust.

It is still uncertain what the future role of the state workforce in a managed care environment will look like. However, what we do know is that this budget will result in the state direct care workforce becoming significantly smaller. Governor Cuomo continues to eliminate good paying middle class jobs with good benefits and a pension to the private sector that pays less in wages and benefits and further erodes the middle class.

The continued privatization of programs and services in this budget is alarming. It has and will have a devastating impact on families and communities throughout New York State. The local communities and regions where state employees provide these vital OPWDD services stand to lose tens of millions of dollars worth of decent middle class jobs. For example, the Town of Tupper Lake will lose $23 million dollars in economic activity if the 600 CSEA-represented state jobs disappear.

Taking decent paying middle class jobs with benefits away from experienced, dedicated, and caring state employees and replacing them with private, not-for-profit companies who fail to pay their direct care workers a decent wage hurts local economies and the quality of life for all New Yorkers, not just those receiving care. The private, non-profit companies that are taking over this work pay their workers on average $20,000 less with little or no health benefits and no pension compared to state employees who work in the same field. Not-for-profits have over a 40% staff turnover rate which is unacceptable when it comes to caring for individuals in need of continuity and a stable and secure environment. Direct support professionals from these providers come to the legislature every year and argue for better wages and benefits. In addition, the non-profit providers have recently been cited for excessive salaries being paid to their executives. A study found that at least 15 executives received yearly compensation in excess of $500,000 dollars and hundreds of others received yearly compensation exceeding $200,000 dollars.[2] CSEA strongly believes that this should not be a race to the bottom because it will have long lasting, devastating effects on communities and families while they continue to offer their direct care employees lower wages.

---

[2] United State of Representatives, House Committee on Oversight and Government Reform, "Billions of Dollars Wasted Annually by New York's Medicaid Program" February 5, 2013.

Lastly, there is an issue of grave concern that was brought to our attention concerning the closure of the Finger Lakes DDSO campus. It is our understanding that the Monroe Developmental Center campus, part of Finger Lakes DDSO, located in the Town of Brighton is due to close its doors on December 31, 2013. There are approximately 80 individuals living on the campus that have specific behavioral issues, including registered sex offenders which require them to be in a 24/7 specialized program. These specific units are being dismantled and then clients are being transitioned to residential community homes. A horrific situation recently occurred where a staff member was sexually assaulted by an individual who was slated to be released into a community setting. This incident calls into question the wisdom of the State's plan to close these specialized units and move the individuals into the community. Public safety should be a paramount concern.

The individuals who live in these specialized units are higher functioning and street wise as compared to the general developmental disabilities population in the OPWDD. Only after this incident occurred has OPWDD now decided that the individual should be sent to a more secure program and not released into a community setting. Any plan that allows individuals who need more intensive supervision and services to be placed in less restrictive settings puts our families and communities at risk and should be challenged. While OPWDD will say that the clients have been "rehabilitated" we question what that actually means.

Office of Children and Family Services

The 2013-14 Executive Budget plans to further harm families and communities across the state by continuing its misguided "Close to Home Initiative." The budget calls for cutting another $32.5 million from the OCFS budget and eliminating 575 full-time-equivalent positions.

The "Close to Home" initiative was enacted in 2012 as a juvenile justice reform initiative designed to move youths in non-secure and limited secure facilities close to their New York City homes. We were all told it was to help these youth to re-assimilate into their home communities. We were told that they would be able to be close to their families with the support that they needed. But what really happened was far from what was claimed. As the first stage of the program was implemented, we saw the closure of three non-secure facilities in Brooklyn and one in Staten Island. These youths were already "close to home." This initiative was merely an excuse to privatize more state jobs. Our members who worked in these facilities were educated, trained workers dealing with a difficult clientele. There jobs were literally given away in the name of "Close to Home." There are additional proposed closures in this year's budget at Red Hook Residential Center in Dutchess County, Lansing Residential Center in Tompkins County, Middletown Residential Center in Orange County, and Brentwood Residential Center in Suffolk County all in the name of "Close to Home." More decent paying jobs will be lost and again communities will be the cost.

OCFS state employees in the affected facilities will be replaced by private non-profit providers, threatening the safety and security of both youths in the system and the communities involved. Please make no mistake about it – this policy is strictly about the privatization of state employment rather than ensuring youths receive proper care.

CSEA has always been willing to work with the State to implement new models of care for different populations. However, last year's budget and the actions taken by OCFS over the past year have shown that they have no interest in utilizing a trained and knowledgeable state workforce to provide care. Instead, they would rather eliminate good paying jobs in Suffolk, Dutchess, Tompkins, and Orange counties causing more economic distress in the local communities.

CSEA asks that you reject this proposal and demand answers from this administration as to how it is better for the clients being served and the community.

Department of Corrections and Community Supervision (DOCCS)

Since Governor Cuomo took office, nine correctional facilities have closed. This year's Executive Budget proposes the closure of Beacon Correctional in Dutchess County and Bayview Correctional in Manhattan. As is custom recently, the Governor's proposal ignores state law requiring a one-year notice before closing a correctional facility. Instead, once again it is proposed closing these facilities just 60 days after the budget passes. If this proposal is approved by the legislature, hundreds of employees would be displaced by these closures and even more public employees will be added to the unemployment lines already plaguing our state.

Prisoners in facilities that close will transfer to other facilities that are already near or exceeding capacity. These overcrowded facilities will result in ever increasing violence between inmates and increase the likelihood and severity of attacks on staff. Reports have already indicated that the number of inmates double-bunked in cells made for one person is increasing. This is a significant safety issue that has yet to be addressed by the State.

We would argue that savings be realized through the review of positions in the top-heavy administration of DOCCS. While the number of staff who are physically inside prisons is decreasing, the number of Albany based administrators is increasing. A top down review of DOCCS administrators must be done to find efficiencies before more front line workers are affected.

SUNY Downstate Medical Center

The Executive Budget proposes a cut of $27.8 million to SUNY hospitals, effectively cutting state funding in half since 2008 and returning to FY 2011-12 funding of $60 million. The SUNY hospitals were created for the purpose of serving the public good. That purpose has not gone away. The state has consistently reduced appropriations to these hospitals and CSEA urges you to restore this vital funding.

In his Executive Budget, Governor Cuomo looks to privatize public hospitals by implementing a "pilot project" to allow for-profit corporations to own and operate hospitals in New York State. This provision is in no doubt aimed at allowing Downstate Medical Center in Brooklyn to be privatized because of the utter failure of high paid administrators at the facility to manage this valuable institution. Opening the door to for-profit health care in New York would lead to lower quality health care and the loss of middle class jobs.

CSEA members are integral in operating and maintaining SUNY Downstate Medical Center. CSEA represents over 700 employees at the facility. We represent employees ranging from LPNs and nursing assistants who provide critical care, maintenance workers who ensure life saving machines are operational, and cleaners who keep the facilities clean to stop the spread of disease. I am here today to ask that we ensure that these services continue to be offered by a public entity and not be privatized.

Allowing a for-profit corporation to operate any hospital in New York should never be allowed and would be a tremendous mistake for taxpayers. Well documented research shows for-profits are more likely to take extraordinary measures to turn a profit. They are known for understaffing and cutting corners to earn more profit at the expense of quality health care.

SUNY Downstate Medical Center is the focal point of a healthcare network that encompasses 20 hospitals and research institutions and more than 40 health-related facilities in Brooklyn, Staten Island, and beyond. As such, it enhances the care of nearly three million people. As a safety net hospital, SUNY Downstate Medical Center serves a borough that contains nearly 2.5 million people, 70% of whom are minorities. Nearly two-thirds of the hospital's inpatient discharges are Medicare and Medicaid patients. Downstate serves a community where more than one in five residents lives below the poverty line, two in five receive Medicaid, and over half are foreign born. The hospital is home to eight different intensive care units, some of which are unique to the immediate area, and the emergency department handles approximately 80,000 visits annually.

Existing capacity at nearby hospitals could not accommodate a shift in patient load. This would mean the diversion to more distant emergency departments and a substantial delay in potentially life-saving treatment for many patients. With these facts in mind, the importance of the services SUNY Downstate Medical Center provides, and who they primarily serve, is apparent. It is truly a safety-net hospital that serves a vulnerable population and its closure would not only mean less health care for the residents of Brooklyn but it would be devastating to the community.

In addition to the tremendous value in terms of care provided by the hospital, the facility also provides the invaluable service of training homegrown New York doctors to work in their local communities. SUNY Downstate Medical Center is the only public academic medical center in New York City and predominately serves New York students. In fact, 92 percent of the student population is from New York State with 71 percent coming from New York City. The population is racially diverse, as 31 percent of students are of African American or Hispanic descent.

Furthermore, SUNY Downstate Medical Center offers 75 community outreach programs linking medical professionals to the surrounding community and provides well over 900 medical residents to hospitals throughout Brooklyn where they provide cost-effective care to vulnerable populations. These hospitals could not afford to replace those residents with more costly health care professionals.

SUNY Downstate Medical Center is a critical component to the Brooklyn economy. SUNY has 8,000 employees, making it the fourth largest employer in the borough. Sixty percent live in Brooklyn, and 86% live in the five boroughs. These employees create over $2 billion in economic activity annually, leading to a $12 return on investment for every $1 that the state invests in SUNY Downstate. Recent proposals to close inpatient services or allow a private operator to takeover the facility would drain hundreds of millions of dollars from the New York economy and add to our already high unemployment rate.

New York State Thruway Authority

CSEA is astounded that after the proposed Thruway toll hikes were rescinded because they would be economically harmful, the Thruway Authority is scheduled to lay off 234 workers. The loss of 234 jobs will have a tremendous economic impact on the communities that these employees live in.

Of the 234 proposed lay offs, 42 would come from the Canal Corporation. The canals are an invaluable resource for New York State. The canal system is a symbol of New York's forward thinking on economic development and innovation. While commercial traffic has diminished since the canal's heyday, the canal system still drives economic development in waterway communities throughout Upstate New York, especially through tourism and recreation. The layoffs come at a critical time when major storms and flooding continue to threaten communities along the Mohawk Valley. Locks in some parts of the state require hands-on manipulation by skilled workers to control dam movement and regulate water levels. The intricacy of this work should not be underestimated.

In addition, CSEA questions the fact that management employees and political appointees have been spared from layoffs. This is further evidence that unionized workers are being targeted in a vindictive action that makes no economic or operational sense. We urge the legislature to work with us to stop the layoffs of these 234 employees that will undermine Thruway and Canal operations.

Design-Build

The 2013-14 Executive Budget proposes greatly expanding the agencies authorized to participate in design-build contracts and introduces design-build-finance contracts.

The language for these programs is entirely too broad. The Governor's proposal opens the flood gates for a huge number of entities to participate in design-build contracts without legislative oversight or guidelines for the projects to follow. Historically, the Legislature has had the right to review individual projects on a case by case basis. CSEA urges you to demand accountability and to maintain your legislative responsibility to review specific proposals and its impact on your local communities.

The Governor's plan invites Wall Street greed into our public infrastructure by allowing private financiers into the mix without providing language as to who will control, maintain, and operate public assets once construction is completed. Private investors will be looking for a return on their investment, but where will that return come from? The legislation does not close the door to private sector investors owning all or parts of these completed projects and potentially puts taxpayers on the hook for drastic toll and fare increases.

State agencies could be allowed to outsource their jobs to private, potentially out-of-state contractors. New York already has a pool of talented, experienced, and professional public employees who work on capital projects. With the continued trend of privatization and massive public employee job loss, CSEA urges the legislature to reject this overreaching expansion of design-build.

Community College Job Linkage

In addition to concerns with the potential privatization of SUNY teaching hospitals, CSEA has concerns with the creation of the "Next Generation NY Job Linkage Program Act." This program attempts to incentivize community colleges to work closely with regional employers to develop programs that will better prepare students for post-graduation employment. With this legislation, the Governor will underfund or defund community colleges based on how many students get hired after completing these programs, regardless of regional economic conditions or whether or not companies are hiring. In its current form this program serves as a penalty rather than an incentive for Community Colleges. The legislation has good intent but is poorly thought out. We urge you to reject this provision from the budget.

Public Nursing Homes

We are currently facing a public nursing home crisis in our state. This past year we continued to see the disturbing trend of counties shedding publicly run nursing homes due to the state mandated 2% property tax cap. Due to this law, counties have been forced to privatize and close these facilities because of the artificial financial restrictions placed upon them by this law.

The elimination of theses providers of last resort are creating a dangerous gap in available care for a population who can not afford private care and are too sick to stay in their homes. Private providers are unlikely to step forward to provide care for a population who is more expensive to care for due to multiple and chronic ailments. Without public nursing homes in our counties we will leave a whole segment of population without access to quality affordable nursing home care.

We want to work with the Legislature and advocates to ensure that public nursing homes have the financial resources to care for people that are unlikely to be able to afford care from other providers. County nursing homes play a vital part in communities and we need to ensure that they can maintain this role.

Pension "Smoothing"

The New York State and Local Retirement System has been a strong and sustainable source of retirement security for more than 90 years. Over those years, both elected leaders and CSEA have protected the fund from raids and ill-advised schemes that would threaten its integrity and its ability to provide benefits. This diligence has protected New Yorkers and resulted in New York having one of the nation's best funded pension systems.

Unfortunately, blame for the "Great Recession" has been unfairly laid at the feet of public employees nation-wide, leading to calls for a reduction in their pensions and benefits. Things have been no different in New York. In 2009, public employee pension benefits were reduced by the creation of Tier 5. The public was told that taxpayers would save over $35 billion over the course of 30 years. But, only two years later, benefits were again reduced and taxpayers were told they would save over $80 billion this time.

Now, before any of those savings have been realized, the Executive Budget proposes a bait and switch plan to allow municipalities and school districts to pay a "fixed" rate for pension obligations. The Governor claims that the scheme will reduce near term payments but keep the pension system fully funded in the long run. In reality, the Governor's plan would severely underfund one of the best managed pension funds in the country and result in a crisis like what we have seen in Illinois, New Jersey, and other states. If things are left as is, employer contributions will normalize and we will see lower contribution rates as our economy recovers without putting our pension system at risk.

Mandate Relief

The ability to generate revenue is further limited by special tax breaks given to Industrial Development Agencies. In many cases IDAs never live up to their promise of creating jobs and actually hurt communities, and these problems with IDAs are not new. A 1992 study by the Fiscal Policy Institute concluded that "the benefits of IDAs are questionable while the costs of IDAs, in terms of forgone tax revenue, are clear and substantial." According to the *Getting Our Money's Worth* coalition, more than half of all IDA projects completed in 2010 failed to produce even a single job, and nearly $500 million in tax revenue is lost every year. The revenue lost by exempting businesses from paying taxes must either be made up by taxpayers or result in the loss of services.

The state should institute 'claw backs' with IDAs to ensure a money back guarantee on public investments and create greater accountability and transparency so that local communities know what they are getting involved in. In addition, the State should amend current statute to allow the State Comptroller the ability to audit and monitor these local entities that dole out taxpayer money. Our state needs to help its working people rather than doling out corporate welfare.

Conclusion

I would again like to thank the Chairs and members of the Senate Finance Committee and the Assembly Ways & Means Committee for allowing me this opportunity to speak.

It is imperative that the Legislature provide services to the mentally ill, developmentally disabled and our youth. The State's responsibility hasn't gone away and it is time we enhance, not decrease the services available. To allow a decrease in these services without a definitive plan in place is irresponsible in light of past promises made but not kept.

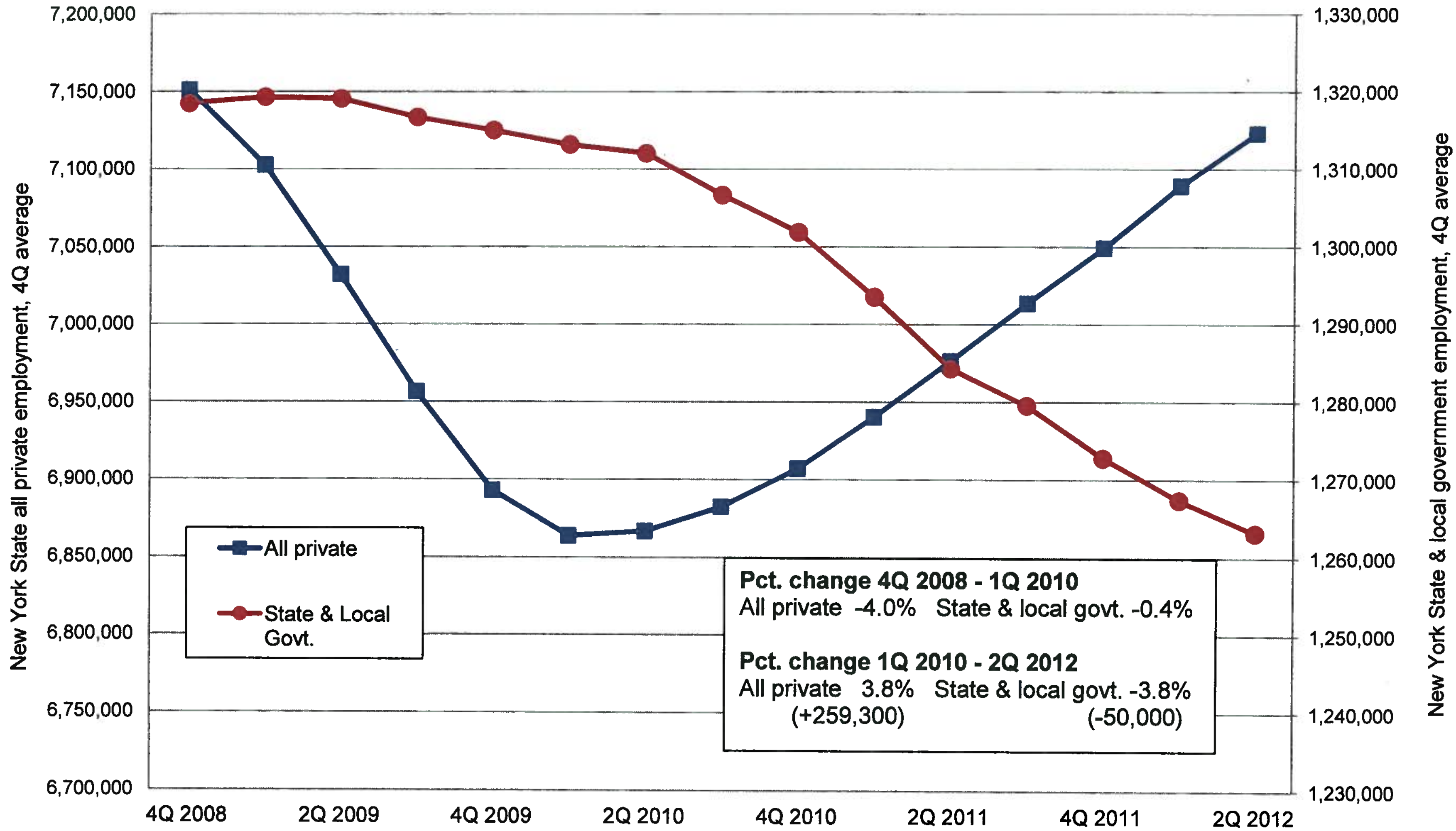
This budget is about ensuring the economic survival of our communities. The decisions made this year will either continue the loss of decent middle-class jobs in communities throughout the state along with a decimation of public services or it will invest in jobs in our communities that pay decent wages and provide quality services that people need. If we continue down the road of privatizing work and eliminating middle class jobs, our communities will crumble.

I strongly urge you to examine the impact that this budget will have on the communities you represent and the state as a whole. CSEA believes that upon close examination, the costs associated with further privatization and loss of good jobs in all of your community is not in the best interest of our state.

On behalf of 300,000 active and retired, public and private employees across New York State, I hope you will join us in fighting for the principles that have historically made this state the Empire State.

Thank you.

If state & local gov't. employment had not declined by 50,000, New York State's total job growth would have been 20% greater since early 2010.



Source: Fiscal Policy Institute's analysis of New York State Department of Labor QCEW data, 1Q 2008-2Q 2012.