



NEW YORK STATE SENATOR

Liz Krueger

Statement by State Senator Liz Krueger on 2007 New York State Budget Process

LIZ KRUEGER April 1, 2007

"On April 1st, the State Legislature provided final approval for the 2007-2008 fiscal year budget, only a few hours after the official deadline. As important as passing on-time budgets are, I found the process leading up to this one's passage to be disappointing for a number of reasons.

Key negotiations that resulted in over a billion dollars in new spending, and the shifting around of billions more occurred almost entirely behind closed doors, a continuation of Albany's culture of secrecy and back-room deals. This is not a new situation, but one I had hoped would change more with a new administration. Equally disturbing was that the combination of delayed negotiations and lack of transparency, combined with everyone's desire to have a third-year-in-a-row on-time budget, left the Legislature and the public with no waiting-period in which to adequately review the final proposals, double check our agreements, and our math. In fact, this year no legislator can dare claim they had a chance to read the final budget bills before voting. The bills were passed with "messages of necessity" by the Governor, and they were literally still warm from the printing press when the votes were called.

Earlier this year the Governor and Legislature agreed to a significant piece of budget reform legislation that was supposed to ensure a more deliberative and transparent process. Unfortunately, our first test of this law leaves great room for improvement. While the Legislature held budget conference committee meetings as required by the budget reform bill, many of these conference committees were not utilized in the way that the law provided for, and little of substance was discussed in public. Most of the big dollar items were not discussed at the conference committees until after final numbers had already been decided in closed door meetings. Furthermore, we ignored the requirement in the budget reform bill that each house provide members with a summary report on each budget bill itemizing impacts of proposed budget changes, including impacts on local governments and on the state workforce. We can—and should—still do this in order to better explain to the public the outcome of our rushed endeavors.

Back when Governor Spitzer first introduced his budget he did something remarkable by bringing 19-million New Yorkers into the room and into the conversation. This was a significant shift away from the "three men in a room" Albany model. By the end of the process this year there were more people than usual in the room—I had more access to information than was made available in the previous administration—but we still deserve a failing grade when it comes to comprehensively improving the process. As problematic as the "three men in a room" model of previous years has been, the final days of this budget process saw only a slight improvement with six men (the minority leaders and the Lt. Governor were included), but still no public documents or public participation on many important decisions.

To preserve the integrity of our budget the process must stop being so rushed. Passing revised budget bills with huge changes, without explanatory memos, without time for anyone to review them, with the actual bills printed late at night (or early the next morning

because the printers broke down), simply cannot be argued as responsible decision-making. It's more like impulse buying—particularly when the clock is striking midnight, noting the budget deadline, when votes are cast.

Maybe the same rules should apply to budgets as to food shopping: don't do it on an empty stomach.

I have proposed legislation requiring a 10-day waiting period from the time a budget bill is printed to the time it is voted on (S3288). This bill would provide the opportunity for real public participation in the budget process. Some might argue that if we did that this year, our budget would have been at least 10 days late. Not if we had started negotiations earlier.

Some people have argued that Governor Spitzer had the disadvantage of needing to move too quickly because it was his first year in office. I agree. The budget process needs to start sooner next year. If we follow the provisions of the budget reform bill, they outline an excellent process that we should adhere to. And, the Legislature should begin its participation in the budget process as soon as the new session begins.

Annual revenue projections continue to be a problem each and every year. A later budget deadline, after tax returns are submitted on April 15th, would provide a better opportunity for more accurate fiscal analysis. This in turn would also remove some of the time pressures that lead to a closed door process. I have introduced a bill (S3281) that would change our fiscal year from April 1st to June 1st. I am also working on a bill that would require we pass revenue bills before expenditure bills each year—this year the revenue bill was printed and voted on last so if negotiations fell apart, or the numbers turned out to be wrong, we had already voted on how to spend the money! In my opinion this is a little backwards.

These proposals would improve on the changes implemented through the budget reform bill we passed earlier this year, and allow for the elements of that reform bill to be fully observed. In the meantime, I am counting on the Legislature and the Governor to do a better job at implementing the requirements of the reform package for the post-budget period than we have done in our rush up to April 1st. The Governor is required to submit a financial plan and capital financing plan within thirty days of signing the budget, and to provide detailed quarterly financial plan updates with multiyear projections; I am looking forward to reviewing these.

Personally speaking, I am counting on the executive and legislative branches to learn from the mistakes of this year's budget process, and develop a more transparent and participatory process by next year that implements both the requirements as well as the spirit of the budget reform legislation. I've been in Albany for five years now, advocating for exactly these types of changes; in that time we have taken some steps forward. However, I am cognizant of the fact that it took a long time for Albany's process to get as bad as it did, and a lesson from the last few months is that it can't be changed overnight. We will need perseverance in continuing to move a reform agenda where the reality matches the rhetoric, so that next year we do better."