



NEW YORK STATE SENATOR

Joseph P. Addabbo Jr.

Addabbo: The Good and the Bad of the State Budget Agreement

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Press Release

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ADDABBO: THE GOOD AND THE BAD OF THE STATE BUDGET AGREEMENT

Queens, NY , December 9, 2009 -- Senator Joseph P. Addabbo, Jr., today reported on the conclusion of weeks' long negotiations on the state budget between the Legislature and the Governor.

“During the recent special session, we faced one of our greatest budget deficits in New York State history,” explained Senator Addabbo. “At the same time, this challenge represented a unique opportunity to evaluate our priorities and streamline our resources. In short, we need to learn to do more with less as a matter of practice from this point forward.”

“My Senate colleagues and I remained steadfast in opposing the Governor’s deficit reduction plan which would have disrupted and dismantled our classrooms in midyear, and further weakened our overburdened health care system. For months, we negotiated an alternative budget which trimmed \$2.7 billion from our deficit, while maintaining the quality of our educational and health care systems that are of paramount importance to every New Yorker.” Addabbo believes that the Governor’s proposed \$1 billion in school aid and health care reductions would certainly have had a negative effect on the schools in his district, and these same cuts would have meant reduced federal funding as well.

The final bipartisan plan passed by the NYS Legislature to shrink the state budget includes:

- Sparing schools from any midyear cuts, taking nearly \$400 million of federal stimulus funds earmarked for education in next year’s budget, putting it toward filling this year’s gap
- Reducing health care spending by \$107 million, without the loss of approximately \$750 million in federal funding for medical services, and reversing the Governor’s proposed doubling of gross receipts tax on hospitals from .35% to .75%
- Eliminating the plan to delay rebasing payments to nursing homes and hospitals (costing them \$60 million)
- Preventing the loss of over 12,000 jobs from cuts to vital services, while cutting 12.5 percent to remaining balances of local assistance grants
- Reducing MTA funding by \$140 million
- Cutting SUNY, CUNY and community colleges operating aid funding by 5 percent
- Cutting 5.4 percent from the Office of Mental Retardation and Developmental Disabilities
- Creating a new, less costly pension level (Tier V) for state and local government employees outside New York City that the Governor says will save \$30 billion over 30 years

- Enacting reforms of how the state's public authorities operate (transferring--\$200 million from the Battery Park City Authority, \$90 million from the Regional Greenhouse Gas Initiative, \$10 million from the Environmental Protection Fund, and \$26 million from the Dormitory Authority--to the State General Fund)
- Working to start a tax penalty forgiveness program expected to increase state revenues by \$250 million in 2009-2010
- Expanding the hours of operation of video lottery gaming, which is expected to generate an additional \$39 million for the state this fiscal year

The Senator also pointed out that some unfortunate cuts, namely the 5.4% cut to the Office of Mental Retardation and Developmental Disabilities(OMRDD), will negatively affect residents and must be restored when the state is financially stable. He expressed that although some budget cuts were regrettable and unavoidable, the state had to reduce its wayward spending practices.

Addabbo also sees the long-awaited decision on the Aqueduct Racetrack proposal as a financial gain for the state's budget. "I am pleased that this year's deficit was closed in an efficient, thoughtful manner, ensuring that vital services continue for the residents of my district and throughout New York State ."

New York State faced a \$3.7 billion budget deficit in the current fiscal year and is facing a projected deficit of \$7 billion in the 2010-2011 fiscal year." We are all in this together and by working together, I believe that we will overcome our state's fiscal crisis and begin to get New York's economy back on track," concluded the Senator.

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