



NEW YORK STATE SENATOR

Malcolm Smith

## Senator Smith & Democratic Majority Protect Schools, Provide Property Tax Relief & Make Smart Spending Cuts

MALCOLM A. SMITH July 1, 2010

### **SENATOR SMITH & DEMOCRATIC MAJORITY PROTECT SCHOOLS, PROVIDE PROPERTY TAX RELIEF & MAKE SMART SPENDING CUTS**

**(Albany, NY)-** Senate President Pro Tempore Malcolm A. Smith and the Senate Democratic Majority have passed the Education, Labor and Family Assistance (ELFA: S6603/S6607) budget bill and the Health and Human Services (HHS: S6604/A6608) budget bill which:

- Protects our children's education.
- Provides much-needed property tax relief.
- Makes the smart spending cuts to give New Yorkers a government they can afford.
- Maintains the state's investment in the Tuition Assistance which helps tens of thousands of students succeed in college annually.
- Ensures support for unemployed New Yorkers who are seeking work as a result of the national economic downturn.
- Delivers the services and programs most important to the health and well being of our seniors and New Yorkers with disabilities.

“Even in these tough financial times we were able to balance a budget that reflects a unified legislative goal of protecting the education of our children and the health and well being of all New Yorkers,” said Senator Smith.

## **Education Labor and Family Assistance (S6603B/ S6607B)**

### **Overall Impact**

- \$27.6 billion in General Fund and \$61 billion in All Funds appropriation for State Fiscal Year 2010-11.
- \$623 million or 2.31 percent more than the Executive Budget General Fund appropriation and \$3.49 billion or 6 percent more than the Executive Budget All Funds appropriation.
- \$4.63 billion or 7.5 percent decrease in All Funds appropriations from State Fiscal Year 2009-10.

### **School Aid Restoration**

- \$600 million restoration (based on school year) or \$420 million restoration (based on state fiscal year), which is the equivalent of 40% of the Governor's Gap Elimination Adjustment to offset the Executive's \$1.4 billion reduction.
- \$202.6 million in restorations to the Big Five City School Districts including:
- \$177 million in restorations for New York City; and
- \$25 million in restorations for the cities of Buffalo, Rochester, Syracuse, and Yonkers.

### **Property Tax Relief**

- A centerpiece of the school aid restorations enacted by the Senate Democratic Majority is designed to provide meaningful property tax relief with a substantial portion dedicated to suburban and rural areas who bear the highest burden of skyrocketing property taxes.
- High need school districts will have the flexibility to use the school aid restorations for property tax levy relief or education services (to prevent curriculum cuts, teacher layoffs, and class size increases). Low and middle need school districts will be required to dedicate 100% of the school aid restoration for property tax levy relief.
- Overall, \$271.2 million of school aid restorations will be dedicated toward property tax relief, with a local option for an additional \$91.4 million in restorations to be used for educational services and property tax relief.

### **Higher Education**

- The Legislative Budget keeps higher education affordable for many New York students. It maintains TAP awards at the current level, maintains current academic eligibility requirements, and graduate student aid in the amount of \$34.5 million.

- At the same time, the Legislature expanded TAP eligibility for other New Yorkers. This expansion of TAP awards to students attending faith-based institutions will pay 100 percent of eligible awards in 2010-11 academic year and will provide for full awards in 2011-12 academic year and thereafter.
- The Legislature does not include provisions of the New York State Public Higher Education Empowerment and Innovation Act, which would provide enhanced discretion for the State University of New York and the City University of New York in the areas of tuition policy and account management, asset maximization, mission-related private partnerships, procurement, and capital construction.

#### City University of New York

- Appropriated \$1.7 billion on an All Funds basis, an increase of 1.6 percent from the State Fiscal Year 2009-10 levels.
- Rejected the Executive's proposal to reduce CUNY Community College Base operating Aid by \$285 per full-time equivalent (FTE) student. Effective in 2010-11 academic year, Base Aid rate per FTE student will be \$2,545, instead of the \$2,260 recommended by the Executive.
- The Legislature concurs with the Executive recommendation to use \$32.7 million in American Recovery and Reinvestment Act of 2009 (ARRA) funds to offset General Fund support for CUNY Community College Base Aid in state fiscal year 2010-11.

#### State University of New York

- Appropriated \$4.118 billion on an All Funds basis for the State University of New York, reflecting an increase of 1 percent from the Executive Budget recommendation.
- Rejected the Executive's proposal to reduce SUNY Community College Base operating Aid by \$285 per full-time equivalent (FTE) student. Effective in 2010-11 academic year, Base Aid rate per FTE student will be \$2,545, instead of the \$2,260 recommended by the Executive.
- The Legislature concurs with the Executive recommendation to use \$83 million in American Recovery and Reinvestment Act of 2009 (ARRA) funds to offset General Fund support for SUNY Community College Base Aid in state fiscal year 2010-11.

#### Higher Education Services Corporation

- Appropriated \$1.08 billion on an All Funds basis for the State Fiscal Year 2010-11, a decrease of \$43.9 million from the current year levels.

## Tuition Assistance Program

- Restored a total of \$34.5 million to the State's Tuition Assistance Program (TAP) to maintain TAP award and academic eligibility standards at the current level, allow graduate TAP awards to be continued in state fiscal year 2010-11.

## Labor

The Legislature accepts the Executive proposal to provide All Funds of \$11.1 billion, a decrease of \$1.12 billion from current year levels. Some key components of this funding are as follows:

- Provided \$10.0 billion for the Unemployment Insurance Benefit Program to allow for unemployment payments to claimants in the State authorized by the federal government.
- Provided \$465.8 million for services and expenses of administering unemployment insurance programs, job service programs, workforce investment act programs, employability development programs, other miscellaneous programs, and a reserve for unanticipated funding pursuant to federal grants and contracts.
- Provided \$175.5 million for the administration and operation of programs as funded by grants under the federal workforce investment act for adult, youth and dislocated worker employment and training programs.
- Provided \$42.4 million for the training and education program on Occupational Safety and Health program enforcement activities, the Hazard Abatement Account for payment of state aid to local governments for the purposes of hazard abatement.
- Restored \$1.3 million for the Executive's proposed reductions to the workforce training initiatives funded in the State Fiscal Year 2009-10 enacted budget, back to their original levels.

Additionally, homeless New Yorkers require more governmental assistance in difficult economic times. In order to help those most vulnerable, the Legislature restores funding for Adult Homeless Shelter reimbursement to New York City and other localities. This restoration will ensure that the 7,000 individuals affected by the Executive proposal will be provided with shelter.

## Housing

- Modified the Executive proposal by providing an All Funds appropriation of \$334.67 million, a decrease of \$130.63 million from the proposed Executive Budget.

## Neighborhood Preservation Program (NPP)

- Restored \$658,000 of the Executive's proposed \$2.54 million reduction to the NPP program, bringing the total state fiscal year 2010-11 appropriation to \$9.14 million.

## Rural Preservation Program (RPP)

- Restored \$274,000 of the Executive's proposed \$1.15 million reduction to the RPP program, bringing the total state fiscal year 2010-11 appropriation to \$3.81 million.

## Office of Children and Family Services

- Modified the Executive proposal to provide All Funds totaling \$3.9 billion, a decrease of \$15.2 million from the proposed Executive Budget.

## The Arts

- Provided an All Funds budget appropriation of \$35.6 million for the Council on the Arts, representing a decrease of \$18.2 million from current year levels; \$8.6 million from the proposed Executive Budget.
- The \$35.6 million includes \$1.046 million for the New York State Theater Institute (NYSTI) and \$245,000 for the Empire State Plaza Performing Arts Center Corporation as a means to transition into self-sufficiency.
- The Emergency bill of June 15 provided \$254,000 to partially address outstanding payroll and debts owed by NYSTI to the State University of New York and the NYSTI workforce, placing total allocation for the state fiscal year 2010-11 at \$1.3 million.

## Health and Human Services (S6604/A6608)

### Health

The State Fiscal Year 2010-11 Budget includes \$58.44 billion in All Funds support, \$683.8 million more than the Executive proposed budget; All Funds support includes \$1.9 billion in funding for various programs and initiatives first appropriated as part of the tenth emergency extender.

The HHS budget supports programs and operations of the:

- State Office for the Aging
- Department of Health
- Office of the Medicaid Inspector General
- Office of Alcoholism and Substance Abuse Services
- Office of Mental Health
- Office of Mental Retardation and Development Disabilities

- Public Health/AIDS Institute

## Medicaid

The cost savings for Medicaid for State Fiscal Year 2010-11 totals \$774.9 million, including:

- \$211.4 million in cost savings measures for hospitals. The Enacted budget amends the Executive's proposal for the Potentially Preventable Readmissions (PPR) and prohibits rate reductions for those patients that are readmitted and are diagnosed with behavioral conditions. Under the provisions of the Enacted Budget, hospital inpatient rates would be reduced for those preventable medical readmissions that occur within 15 days of the discharge.
- A reduction of \$72 million for indigent care funding, but amends the Executive's proposal and thereby creating sufficient future spending availability under the Disproportionate Share Hospital (DSH) payments. The DSH spending availability was achieved by creating a separate Medicaid rate for which safety net hospitals thereby reducing the amount of spending that would occur out of the Indigent Care Pools.
- Discontinuing the 2010 trend factor of 1.7 percent.

The Budget accepts \$72.4 million in cost savings actions for nursing homes. The cost saving actions include:

- Discontinuing the 2010 trend factor increase of 1.7 percent.
- Imposing a cap of \$80 million annually on the amount of rate appeals that would be addressed by the Department of Health.
- Reducing the payments to nursing homes for bed holds; and carve out prescription drugs from the rates paid to nursing homes.

This budget also:

- Partially restores funding for eating disorder programs, as well as maternal mortality and safe motherhood programs.
- Maintains funding for the Rape Crisis program within the Department of Health.
- Reduces funding for the Mental Hygiene agencies by \$151 million.
- Continues operations at 12 addiction treatment centers, among other measures.