

2009-2010 FISCAL YEAR NEW YORK STATE BUDGET

Introduction

After many months of negotiation, and an ever-widening gap between state revenues and expenditures, the New York State Legislature has agreed on an over \$131 billion budget, reflecting a \$10 billion increase from Governor Paterson's original proposal released in December 2008. This increase was largely enabled through the state's share of the federal financial stimulus package.

State leaders of the respective legislative branches agreed upon a budget in the final days of March 2009; however the technical deadline of having an enacted budget by April 1st (the first day of the state fiscal year) was not achieved due partly to procedural glitches. Budget bills were signed by the Governor on April 7, 2009.

This document reviews relevant parts of the Executive Budget proposal and how such provisions were negotiated and accepted/rejected by the Legislature. We will also provide an overview of additional initiatives inserted into the budget by the Legislature.

How the budget is written

The New York State budget is made up of several separate pieces of legislation under the following categories: *Education, Labor and Family Assistance; Health and Mental Hygiene; Public Protection and General Government; Revenue; Transportation, Economic Development and Environmental Conservation*. Each of these categories is made up of two connected pieces of legislation: an *appropriation bill* which numerically outlines fiscal outlays, revenue streams or cuts for that area, and the *Article VII Bill*, which provides any necessary legislative language to legally authorize appropriations or any other fiscally connected policy effort in the budget plan. There are also two stand-alone appropriations bills: *Debt Service Appropriation Bill* and the *Legislature & Judiciary Budget Bill*.

Each year, the Governor introduces a budget proposal (the Executive Budget), which must be released by the second Tuesday after the Legislature convenes in January, or in a year following a gubernatorial election, by the first of February. For this year's budget, Governor Paterson actually introduced the budget in December 2008 to allow the Legislature ample time to review and counter his proposals before the customary deadline of April 1. In his package of December budget bills, Governor Paterson proposed both a \$121 billion budget for the 2009-2010 fiscal year, and a \$15 billion "Deficit Reduction Plan" to address the outstripping of tax receipts by spending commitments for the 2008-2009 fiscal year. The Deficit Reduction Plan was passed in February 2009, making further cuts to the 2008-2009 state budget; and while the Governor asked the Legislature to pass the 2009-2010 budget by March 1, these bills were not negotiated until a month later.

The results of the budget negotiations

Education, Labor and Family Assistance

- The Legislature rejected the Governor's proposal to save \$84 million by reducing the SSI state supplement for individuals and families living in the community. This rejection will help further increase SSI payments to recipients who are already receiving an increase through a federal COLA.
- The Legislature accepted and accelerated the Governor's proposal to increase the state basic welfare grant by 10% per year for three years. The original proposal began the increase in January 2010; the negotiated increase will initiate the first 10% increase in July 2009.
- The Legislature accepted the 2% reduction in the social work student loan forgiveness program for 2009-2010. This reduction leaves \$978,000 in this year's funding pool. More information on this program can be located at:
[http://hesc.com/content.nsf/SFC/4/NYS Licensed Social Worker Loan Forgiveness Program](http://hesc.com/content.nsf/SFC/4/NYS_Licensed_Social_Worker_Loan_Forgiveness_Program)

Health & Mental Health

- The NASW-NYS *Veterans' Mental Health Training Initiative* reappropriation is set at \$188,000, reflecting a total cut of 20% from the original appropriation in fiscal year 2008-2009. This allows all funding released as a result of the Deficit Reduction Plan to be used throughout the 2009-2010 fiscal year.
- The Legislature rejected the Governor's proposal to extend the "O-Agency" social work licensing exemptions until January 1, 2014; the final budget bill extends the exemption by six months, to June 1, 2010. For more information and the April 2009 licensure update, visit http://www.naswnys.org/lisc4_09.html
- The Legislature rejected the Governor's proposal to delay implementation and limit funding for the SHU bill that would divert prisoners with serious mental illness from solitary confinement.
- **Child and Family Health Plus-** The Legislature accepted:
 - A portion of proposed increases to the family cost share for Child Health Plus, preserving increases only for higher income categories (families earning over 250% of the federal poverty level (FPL))
 - Expansion of Family Health Plus to adults earning up to 200% of the federal poverty level. This plan is contingent upon federal approval.
 - Inclusion of 19 and 20 year olds making up to 160% of federal poverty level into Family Health Plus, regardless of whether they still live with parents.

- **Medicaid Eligibility Reform-** The Legislature accepted proposals to eliminate the **asset test, fingerprinting, and face-to-face interview** requirement for Medicaid applicants. The budget also continues with the prior fiscal year budget reforms in outpatient and inpatient billing methodology, and increasing rates for outpatient providers.
- **Early Intervention Program:** The Legislature rejected extensive Executive changes to the EI program that included the implementation of parental and provider fees and reconfiguration of billing arrangements.
- The Legislature rejected the transfer of alcohol and substance abuse programs from the Department of Motor Vehicles to the Office of Alcoholism and Substance Abuse Services.

Other Items

Actions in other areas of the budget may also be of interest to our members, including the funding of Timothy's Law through 2009-2010 fiscal year, additional revenue measures, and Rockefeller reform. Below are a few items that the Legislature changed from the Executive Budget, including items that were entirely new additions provided by the Assembly and Senate.

- **Timothy's Law Small Business Subsidy:** The Executive Budget proposed an assessment on insurance plans to pay for the roughly \$100 million annual subsidy for small business insurance plans to cover the cost of the mandated base benefit under Timothy's Law (this essentially pays for administration and coverage of the 30 inpatient days/20 outpatient visits mandate for all fully insured, employer-sponsored private insurance plans). This proposal was not accepted by the Legislature during passage of the Deficit Reduction Plan in February; coverage for the Timothy's Law subsidy was thus shifted from the health plan assessment to the New York State General Fund for 2009-2010.
- **Rockefeller Reform:** The Public Protection and General Government budget bills contain language and funding for reform of the so-called "Rockefeller Drug Laws," which were instituted in the 1970s and have led to unprecedented incarceration rates and correctional costs in New York. While these amendments do not fully repeal the drug laws, they generally decriminalize drug possession at certain levels; there is some increased criminalization of high-level drug offenses in this reform package. The Rockefeller reforms in this budget are extensive and include nearly \$11 million in funding (\$10 million for capital costs and \$800,000 for operations); NASW-NYS will provide a full overview of the reforms in a separate document.

A related, significant change in the Public Protection Budget will fund a pilot program for enrolling prisoners in Medicaid who had not received Medicaid prior to incarceration. This pilot program will help test a reentry program element ensuring that all prisoners in need of public medical assistance will be able to receive benefits immediately upon

release rather than waiting up to 45 days for an eligibility decision post release. The pilot facility has not yet been chosen.

- **“Millionaires’ Tax:”** The enacted budget projects a \$4 billion annual revenue-producing personal income tax increase for high earning New Yorkers to expire after three years. The tax increase actually kicks in at incomes below the \$1 million level: Effective January 1, 2009 filers with the following tax status will face income tax hike to 7.85%:
 - Single filers with taxable income over \$200,000
 - Head of household filers with taxable income over \$250,000
 - Persons filing jointly with taxable income over \$300,000
 - * All filers with a taxable income above \$500,000 will be taxed at 8.97%

Conclusion/Comments

In one of the worst budget years in New York State history, lawmakers and the executive branch faced many difficult decisions regarding state program cuts and the initiation of new revenue streams. In spite of these fiscal difficulties, this budget actually reflects net growth from the previous year, due in part to a multi-billion dollar federal assistance package. While some sectors including inpatient medical settings and correctional facilities are being cut, we see growth in corresponding policy and programmatic areas such as outpatient facilities and community-based corrections.

Victories for NASW-NYS in this budget include the continued reform of public healthcare programs (Medicaid, Child and Family Health Plus) that we have fought for in coalition with *Medicaid Matters New York*, a strong grassroots ally in our pursuit for expanded healthcare for New Yorkers. We can also celebrate the preservation of the Governor’s increase of the basic welfare grant; a long-needed supplement for low income New Yorkers growing increasingly economically marginalized by the increased cost of living. The Legislature’s restoration of the proposed SSI cut also provides relief for New Yorkers with disabilities and the people who serve them; in such times of fiscal crisis it is critical that we maintain and strengthen the safety net for persons who find themselves on the margins of society.

Further, in a long fought battle for criminal justice advocates, Rockefeller drug law reform is a watershed event in New York’s efforts to treat and decriminalize substance abuse while shifting the correctional paradigm from facilities to the community, where many drug offenders will find a better road to recovery and into New York’s mainstream workforce.

And for the profession of social work and NASW-NYS as an organization, we can celebrate the restoration of a portion of our Veterans’ Mental Health Training Initiative, which was slated for even deeper cuts prior to the passage of the final budget. The funding reappropriated for the 2009-2010 fiscal year will go toward six trainings of mental health and other providers who will be facing an increased surge of returning veterans as President Obama accelerates Iraq troop returns.

If you have any questions regarding this document or other NYS budget issues, please feel free to contact Jeremy Darman, Policy Research Associate at jeremy_darman@naswnys.org