

Times Union
January 20, 2010

Budget plan spreads pain

A look at the major elements of Gov. David Paterson's 2010-2011 spending proposal, and a cross-section of reactions:

LOCAL AID

Major elements:

- Paterson's proposal cuts Aid and Incentives for Municipalities payments outside New York City by 2 percent or 5 percent, depending on how much of a municipality's budget depends on AIM funds. Added up for all communities in Albany County, the accumulated cuts represent a drop in AIM payments of 4.5 percent; Rensselaer County, 2.2 percent; Saratoga County, 4.4 percent, Schenectady County, 2.1 percent.
- Entirely eliminates a \$302 million AIM payment to New York City, which represents .5 percent of the city's total revenues.
- Reduces VLT Impact aid -- paid to cities such as Saratoga Springs that host a racino or other VLT facility to cover the added cost of public safety services -- by 10 percent.
- Calls for reform of the Wicks law, a slate of requirements on the construction of public facilities that, according to critics, causes inefficiencies and drives up costs.

Reaction:

"Gov. Paterson is to be commended for his leadership in making the tough choices necessary to address a significant budget gap for the upcoming state fiscal year," said Peter Baynes, executive director of the state Conference of Mayors and Municipal Officials. " ... NYCOM, however, strongly objects to proposed cuts in AIM funding, as this program is a key element to controlling municipal property taxes."

SCHOOLS

Major elements:

- Cuts school aid grants by 5 percent, or more than \$1 billion. Total school aid would be \$20.5 billion, down from \$21.6 billion.
- Delays funding for universal pre-kindergarten.
- Eliminates funding for teacher training centers.

Reaction:

"This budget proposes the largest cut to our children's schools in the history of the state, and yet again asks our children to bear the unbearable burden of balancing the state budget," said Billy Easton, executive director of the Alliance for Quality Education.

HIGHER EDUCATION

Major elements:

- Higher education will see a 6 percent reduction in overall spending, from \$3.3 billion to \$3.1.
- The State University of New York will see a 4.6 percent cut, from \$1.6 billion to \$1.5 billion.
- The City University of New York will have its funding slashed 4.1 percent, from \$780 million to \$748 million.
- Higher education program eliminations include the Tuition Assistance Program for graduate students and new merit award scholarships.

Reaction:

"We are not ignoring the fact that New York is facing a fiscal crisis, but the state can't afford to sacrifice its future," United University Professions President Phillip H. Smith said. "SUNY is an investment that will pay off by producing a work force with the talent it takes to bring jobs to the state and rejuvenate its economy.

HEALTH & HUMAN SERVICES

Major elements:

- Increases the revenue tax from .35 percent to .75 percent for in-patient hospital services, from 6 percent to 7 percent for nursing homes, and from .35 percent to .7 percent for home-care services.
- Eliminates the annual inflation increase on Medicaid reimbursement rates, saving \$98 million.
- Requires prior approval before insurance companies can raise rates.
- Charges a 9.63 percent surcharge on surgical and radiological services provided in clinics and doctors' offices. The fee is already assessed to hospital services and this change levels the playing field for services that have migrated outside the hospital.
- Reduce costs of early intervention services to disabled children by \$7.2 million by creating standards for eligibility, charging parents on a sliding scale for services, and requiring private insurance companies to pay for services when possible.

- Delays a planned increase to welfare recipients. The 30 percent grant increase would be implemented by 2013 instead of 2011.
- Closes loopholes that allow residents to transfer their assets in order to qualify for Medicaid and implements a new system to identify assets not captured today.
- Eliminates some temporary assistance programs, including the Summer Youth Employment Program, Supportive Housing for Families and the Emergency Homeless program, saving \$69 million.
- Increases the number of residential beds for the mentally and physically disabled by 2,600 beds, an investment of more than \$46 million.
- Closes eight state psychiatric wards and transitions patients to outpatient programs, saving \$9 million.

Reaction:

- "The budget proposes some important measures to change health care delivery, most notably, rationalizing ineffective and nontransparent reimbursement methodologies," said Courtney Burke, director of health policy research at the Rockefeller Institute. "However, if the state is going to be ready for the expected reduction in (federal stimulus funds), then it may need to consider a wider range of more aggressive and longer-term cost efficiencies."
- "The governor's proposal to cut another \$1 billion in health care funding is not public policy; it is anti-public policy," said Daniel Sisto, president of the Healthcare Association of New York State.

ENVIRONMENT

Major elements:

- Freezes the purchase of any property by the state for inclusion in the Forest Preserve in the Adirondacks and Catskills.
- Reduces spending under the Environmental Protection Fund to \$143 million, a cumulative cut of \$79 million from the year before.
- Eliminates 54 jobs at the state Department of Environmental Conservation, 67 jobs at the state Office of Parks, Recreation and Historic Preservation and 10 jobs at the Adirondack Park Agency.
- Closes two Adirondack visitors centers run by the APA at Newcomb, Essex County, and Paul Smith's, Franklin County.

- Reduces the number of park police by delaying the training of new officers to replace those who retire.

Reaction:

- "New York and the nation are going through some tough times, but Gov. Paterson needs to put down his budget axe and pick up a scalpel. He cut critical funding that protects the quality of the air we breathe and the water we drink to the tune of nearly \$70 million.," said Alison Jenkins, fiscal policy director with Environmental Advocates of New York.
- "New York has a long and proud tradition of providing for environmental and public health needs, in good times and in bad. This governor is intentionally abandoning that tradition. Both the environment and the economy of the Adirondack Park would suffer disproportionately if this plan is approved," said Brian Houseal, executive director of the Adirondack Council.

ECONOMIC DEVELOPMENT

Major elements:

- Imposes a 3 percent tax on natural gas drilling companies that use a drilling technique called hydrofracking to harvest gas from the Marcellus Shale, a massive underground formation that stretches from the Catskills to the Southern Tier. The tax could total \$1 million by 2011-12, which would not cover the projected \$3 million in staff costs at DEC, Health Department and Department of Public Service to oversee gas drilling. Merges Empire State Development Corp. with the Department of Economic Development, to streamline services and save \$4.7 million annually.
- Establishes the Excelsior Jobs Program, which would offer tax credits to businesses that "create and maintain" at least 50 jobs over five years.
- Reduces by \$5.6 million annually funding for high-technology development, but maintains support for certain research and development efforts, including the Centers of Excellence.
- Cuts spending for tourism marketing by \$1.8 million annually.

Reaction:

- "Unshackle Upstate is troubled that the budget recommends \$1.4 billion in new taxes," said Brian Sampson, executive director of the Business Coalition. "It is now up to the Legislature to pass a budget that cuts spending and reduces taxes. Anything less is simply unacceptable."
- "Gov. David Paterson's executive budget moves New York in the right direction by restraining spending," said Kenneth Adams, president and CEO of The Business Council of New York State. "The governor's budget shows necessary restraint. We urge the Legislature to follow his lead and adopt a no-growth budget."

TRANSPORTATION

Major elements:

- Establishes a two-year, \$7 billion capital plan for the Department of Transportation that maintains funding for the Highway and Bridge Trust Fund at 2009-2010 levels; local capital aid for highway and bridge projects is similarly preserved; a \$15.3 million appropriation will support rail service from Albany to Montreal, plus other rail projects.
- Cuts 100 positions from preventive maintenance and snow and ice control; new salt application techniques would result in over \$6 million in annual savings.
- The plan calls for the state to develop a highway rest area closure plan to save \$1 million next year and \$2 million annually after that.
- The bulk of savings in this area would be accomplished through \$29 million in agency cuts and consolidations at the state Department of Transportation and \$14 million at the Department of Motor Vehicles.

ARTS

Major elements:

- Reduces overall arts funding by 18 percent, to \$44.2 million.
- Cuts state arts grants by \$6.5 million.
- Eliminates \$520,000 annual subsidy of The Egg in Albany.
- Eliminates half of \$3.1 million annual subsidy of New York State Theatre Institute in Troy; the second half would be eliminated in the following year.

Reaction:

NYSTI, which has survived many budget threats in its 35-year history, vows to fight the proposal; over two years, Paterson's plan would eliminate state funding that supplies 85 percent of NYSTI's annual operating budget. Without those funds the institute likely would face closure.