

## ***A Schuyler Center News Blast***

January 24, 2014

### **First Look: NYS Budget 2014-15 Initial review of Governor Cuomo's proposed budget and our policy priorities**

Governor Cuomo released his Executive Budget on January 21, 2014 and Schuyler Center staff will spend the coming days gaining a deeper understanding of the proposed budget initiatives. Below is a quick 'First Look' at how the Governor's proposed budget intersects with our policy priorities.

#### **Early Care and Learning**

**Pre-Kindergarten:** The Governor's Executive budget proposes \$100 million for 2014-15, as part of what the Governor envisions as a 5-year plan to expand universal pre-kindergarten in New York State with an additional \$100 million per year (\$1.5 billion over five years). This is an increase over the \$25 million in new Pre-K funding in the 2013-2014 enacted budget. It is important to note that New York's budget process is for one fiscal year, so future year promises are difficult, if not impossible, to build into the budget.

The Governor uses strong language regarding his aspiration to improve educational outcomes and economic development with Pre-K that is statewide, full-day, of high quality and universal. Yet, even if fully implemented as proposed over five years, the amount proposed is insufficient to achieve high-quality, full-day, universal Pre-K. Schuyler Center will be urging the Legislature to allocate sufficient resources toward a down payment on New York finally fulfilling its 1997 promise of statewide, full-day, high-quality Pre-K.

**Smart Schools Bond:** The Governor's proposed budget includes a \$2 billion bond to be brought before voters in November 2014. The bond could support education technology in schools, including infrastructure improvements for high-speed broadband, and could also support construction of Pre-K classrooms.

**After-School Programs:** The Governor proposes an increased commitment of \$720 million over 5 years, starting in 2015-16, to expand after-school programs, but does not propose new after-school funding in this year's budget. It is exciting that the Governor recognized and articulated the importance of after-school programs and this amount would represent a significant increase in funding. It is important to commit real state dollars this year toward the needed ramp-up in enrichment opportunities for students.

**Child Care Subsidies:** The Governor's proposed budget increases child care subsidies by \$21 million. Child care subsidies are over \$80 million less today than in 2010-2011, when New York benefitted from stimulus funds. Over 234,000 children received child care subsidies in New York in 2012, but this does not meet the significant and growing need for child care subsidies. Child care funds may be used to support families up to 200% of the federal poverty level, but with severely limited funds, many counties only serve families up to 150% or less of the federal poverty level. Even counties that go up to 200% of the federal poverty level have exhausted their resources and have stopped accepting applications. The Governor's proposed budget does not adequately support the significant statewide need among low-income families for access to child care.

**Quality Improvement in Child Care:** The Governor’s budget neglects to invest in improving quality in child care. New York State regulates child care programs for safety, but does not have standards in place to monitor or improve the quality of child care programs. Research has shown that high-quality early learning programs have long-lasting positive effects on children’s futures. It is simply irresponsible to continue to ignore the need to invest in quality for our youngest New Yorkers in child care.

## **Health**

**Basic Health Program:** The Governor’s proposed budget includes language which would allow New York State to implement a Basic Health Program (BHP). A Basic Health Program (BHP) is a health insurance coverage program for low-income adults with incomes too high for Medicaid, but who are likely to find Exchange coverage unaffordable.

**Consumer Assistance:** The Governor’s budget would provide continued support for consumer assistance programs that help New Yorkers get and use their health insurance.

**Out-of-Network and Surprise Billing Protections:** The proposed budget includes language to protect health consumers from ‘surprise’ medical bills for out-of-network services and require that plans have adequate provider networks.

**Foster Care transition to Managed Care:** The Governor’s proposed budget allocates \$5 million to support voluntary foster care agencies in their efforts to transition foster care youth from Medicaid fee-for-service to managed care. The money will support training and consulting services for voluntary agencies to prepare for the transition of foster care youth into Medicaid managed care, including the ability to use health information technology, and authorize a pilot program initiative with the Office of Children and Family Services and Department of Health to develop rates for health care services for this population. Additional language requires that users of the funds must document effectiveness.

**Adult Homes:** The Governor’s proposed budget includes \$30 million for residents of adult homes to transition to community-based settings. Adult homes were originally envisioned for elderly New Yorkers who are no longer able to live on their own. Today, nearly 40% of adult home residents have a psychiatric diagnosis. Residents of adult homes who have psychiatric disabilities deserve the option to live in the community. Schuyler Center will continue to assure that there is a process in place to help adult home residents with psychiatric disabilities who choose to move to community housing.

**Regional Health Improvement Collaborative:** The Governor proposes \$7 million in 2014-2015, growing to \$16 million in 2015-2016 to support the establishment of eleven Regional Health Improvement Collaboratives (RHICs), which would “function as neutral conveners, facilitators, and catalysts for improvement,” bringing together key stakeholders to help transform the regional health care systems to address issues of prevention, access, cost, quality, and population health.

**Other health:** The Governor proposes additional initiatives that need further review. These include a capital restructuring financing program to be distributed without a competitive bid; changes regarding compliance with the hospital bad debt and charity care reporting; \$7 million for the Research Foundation for Mental Hygiene to conduct two demonstrations on care coordination for adult home residents discharged from impacted adult homes; and language designed to remove barriers to implementing the State’s proposed Delivery System Reform Incentive Payment (DSRIP) waiver program.

## **Behavioral Health**

The Governor's proposed budget includes behavioral health investments that support the Medicaid Redesign Team's recommendations for behavioral health services and are tied to the State's ongoing efforts embracing managed care and redirecting resources from institutional to community-based care. New York suffers from limited access to community-based behavioral health care across the state so, the success of these transitions hinge upon up-front investment in community-based care.

**Reinvestment of Behavioral Health Savings:** The Governor's budget would reinvest some Medicaid savings that accrue from transitioning behavioral health programs to managed care into behavioral health services.

**Regional Centers of Excellence:** The Governor proposes using \$25 million in savings resulting from psychiatric bed and hospital closures to expand community-based services. In an effort to reduce New York's over reliance on extended inpatient hospitalization for mental illness, the Office of Mental Health (OMH) will begin the process of creating 15 Regional Centers of Excellence across the state for the diagnosis and treatment of complex behavioral health illnesses.

## **Juvenile Justice**

The Governor proposes a Commission on Youth, Public Safety and Justice. The purpose of the commission will be to make recommendations on how best to raise the age of juvenile jurisdiction, improve outcomes for youth, and promote community safety. Currently New York is one of two states that prosecute 16- and 17-year-olds as adults in the criminal justice system. Schuyler Center is working with partners across the state to make sure that children are treated as children and that New York creates a juvenile justice system that creates opportunities for youth and advances public safety.

## **Economic Security**

**Property and Income Tax focused on low- or moderate-income New Yorkers:** The Governor proposes myriad tax reductions aimed at corporations, manufacturers, high-income estates, and personal income. Unlike many budget actions that are funded only for the budget year at hand, tax policy, once implemented, often remains in place in perpetuity. So, tax reductions implemented this year will have a continued effect on the State's capacity to fund programs in future years. We consider below just the tax policies that are ostensibly aimed at low or moderate-income New Yorkers.

The Governor proposes several initiatives framed as relief from New York's "burdensome property tax" that require analysis as to their effectiveness in maximizing benefit for the low- and moderate-income New Yorkers who need it most. These include a property tax freeze as a personal income tax credit; a real property personal income tax credit; and a renter's personal income tax credit. The first two, designed to incentivize local government to consolidate and keep property tax increases to a minimum, would be tied to a jurisdiction's staying within the property tax cap.

**Minimum Wage:** The Governor's proposed budget does not accelerate the enacted time table to raise the minimum wage, which is scheduled to increase gradually to \$9.00 an hour by January 1, 2016 as enacted in the 2013-2014 budget. At the \$8.75 rate, effective in 2015, the minimum wage still leaves a full-time (52 weeks, 40 hours per week) working parent with two children short of the 2012 federal poverty threshold (\$18,498 for a family of three with one adult and two children). Schuyler Center will be working closely with Assembly Speaker Sheldon Silver who introduced legislation (A.8343) to accelerate the minimum wage increase and index it to inflation.

## **Maternal and Infant Home Visiting**

The Governor's proposed budget continues flat funding for Healthy Families New York at \$23.3 million, but contains no appropriation for the Nurse-Family Partnership program. In addition, the Office of Children and Family Services' programs, COPS and Children and Family Trust Fund, both of which support home visiting, were flat funded. Maternal, infant and early childhood home visiting programs have documented child and family outcomes in improved health, reduction in child abuse, and family economic security.

## **Child Welfare**

**Open-Ended Preventive Funding:** The Governor's proposed budget maintains funding for preventive, protective, adoption administration and services, independent living and after care services at 62% state share with an allocation of \$635,073,000, as did the enacted 2013-2014 budget. Localities use Preventive funding to prevent the need for foster care placements. Localities are experiencing increased pressures on their local budgets and have a property tax cap to consider. Schuyler Center urges the State to re-assume the 65% state share, as provided in statute, so localities can serve more families.

## **Youth**

**Summer Youth Employment:** The Governor's proposed budget increases TANF funding for Summer Youth Employment programs by \$2.5 million for a total of \$27,500,000.

**Youth Development Programs:** The Governor's proposed budget decreases Youth Development and Delinquency Programs by \$1,285,544 as compared to the enacted 2013-2014 budget. Last year, the Legislature added this amount in budget negotiations.

## **Other**

**Pay for Success or "Social Impact Bonds":** These are private/public partnerships to fund outcomes-driven human services programs. The Governor's proposed budget allocates \$125 million which is an increase over the \$30 million in the 2013-14 budget. New initiatives will be undertaken in the areas of early childhood development and child welfare, health care, public safety, and developing solutions to reduce homelessness.