

## **Next Look: NYS Budget 2014-15**

### **Comparison of Executive and Legislative Budget Initiatives with Schuyler Center Policy Priorities**

In January, Schuyler Center shared a 'First Look' at Governor Cuomo's Executive Budget proposal and how it intersected with our policy priorities. This is our 'Next Look' which provides an overview of how the Assembly and Senate budget proposals compare with the Governor's priorities on several important issues. Schuyler Center staff will spend the coming days gaining a deeper understanding of the proposed budget initiatives and ensuring that the final budget advances priorities that improve the health and well-being of all New Yorkers, especially those living in poverty.

#### [Early Care and Learning](#)

**Pre-Kindergarten:** The Governor's Executive Budget proposes \$100 million for 2014-15, as part of the Governor's 5-year plan to expand full-day pre-kindergarten in New York State with an additional \$100 million per year over five years. This is an increase over the \$25 million in new Pre-K funding in the 2013-14 enacted budget. It is important to note that New York's budget process is for one fiscal year, so future year promises are not guaranteed.

*Assembly Response:* Accepts the Governor's proposal and New York City Mayor de Blasio's request to tax high-income New Yorkers to fund universal Pre-K and afterschool for all middle schoolers in New York City. The Assembly also proposes to establish a reserve for unused funds for use in the next year.

*Senate Response:* Includes \$340 million for Pre-K in New York City and \$145 million for the rest of the state. Would allow school districts flexibility to use the money to convert half-day Kindergarten classes to full-day or toward the district's Gap Elimination Adjustments (GEA).

There is widespread agreement that access to high-quality full-day Pre-K should be universal. The Schuyler Center will continue to advocate for funding that can support New York City and all other districts to make sure that Pre-K funding can only be used for Pre-K and that quality is funded. Pre-K funding should not be distributed via a competitive grant process.

**Smart Schools Bond Act:** 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, as well as construction of Pre-K classrooms.

*Assembly Response:* Accepts Governor's proposal but adds trailer replacements and permanent facilities for schools (both public and nonpublic).

Senate Response: Would consider accepting the Governor's proposal for a bond but wants water and sewer districts included.

**Afterschool Programs:** The Governor proposes an increased commitment of \$720 million over 5 years, starting in 2015–16, to expand afterschool programs, but does not propose new afterschool funding in this year's budget. It is exciting that the Governor recognized and articulated the importance of afterschool 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.

Assembly Response: The Assembly did not include any money in this year's budget for afterschool.

Senate Response: Adds \$200 million for afterschool in New York City. Rejects the Governor's proposal to use casino gaming revenue as a funding source.

**Child Care Subsidies:** The Governor's proposed budget increases child care subsidies by \$21 million. Child care subsidies are \$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 these 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.

Assembly Response: Adds \$106 million for child care including:

- Equalizing the family share co-pay for subsidized child care to 20% or less of income over the Federal poverty level (\$70 million);
- Increasing the number of child care slots available statewide over a four year period (\$11 million annually);
- Enhancing the State's Facilitated Enrollment program (\$11 million);
- Allowing for reimbursement to child care providers for a minimum of 12 child absences per six month period (\$6.3 million);
- Helping align payment rates with licensing requirements for child care providers by defining an infant as a child up to two years old, instead of 18 months (\$5.3 million); and
- Disregarding teen income for the purposes of determining eligibility for child care subsidies (\$2.5 million).

Senate Response: \$132 million for child care subsidies and expands the Child Care Facilitated Enrollment Program. The Senate indicates support for capping the family co-share but does not indicate the amount. The Senate also proposes raising the eligibility for subsidy eligibility to 400% of federal poverty level.

The current child care system is fractured and does not meet the needs of all eligible families at 200% of poverty. Both the Assembly and Senate have proposals to better finance and support working families. So although there are differences in their proposals, we are hopeful the final budget will include more money to support working families.

**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 those 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.

Assembly Response: The Assembly does not invest in quality.

Senate Response: The Senate does not invest in quality.

## Health

**Basic Health Program:** The Governor’s proposed budget includes language allowing New York State to implement a Basic Health Program (BHP). 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.

Assembly Response: Accepts the Governor’s proposal.

Senate Response: Indicates they are open to discussing a Basic Health Program but has reservations about whether it is the best choice for New York. The Senate awaits a revised cost analysis which is expected in the next couple of weeks.

**Consumer Assistance:** The Governor’s budget would provide continued support for consumer assistance programs that help New Yorkers get and use their health insurance. This funding comes from the federal government and is called a ‘dry appropriation’ because it is a pass-thru.

Assembly Response: Accepts the Governor’s proposal.

Senate Response: Rejects the federal money to support Consumer Assistance AND defunds New York’s Marketplace, the New York State of Health (NYS Health Exchange).

It is hard to understand how the State would benefit from defunding New York State of Health, the country’s most successful health insurance exchange, which has enrolled 600,000 New Yorkers in under six months. We fully expect the Governor and Assembly will reject this proposal.

**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.

Assembly Response: Supports out-of-network protections for consumers.

Senate Response: Supports out-of-network protections for consumers.

The Governor, Assembly and Senate all support out-of-network consumer protections although the three proposals differ; the strongest protections for consumers are within the Assembly and Governor’s proposals. We are hopeful that with the Senate’s support, New Yorkers will get protections from the ‘surprise bills’ that arise when someone receives a health service from a provider out of their plan, many times through no fault of their own.

**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 to support training and consulting services for voluntary agencies including the ability to use health information technology. The proposal authorizes 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.

Assembly Response: Accepts Governor's proposal but requires a report to the Legislature on how the money is spent.

Senate Response: Accepts Governor's proposal but removes oversight from the State Comptroller and requires a report to the Legislature.

**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.

Assembly Response: Accepts the Governor's proposal.

Senate Response: Does not directly address the Governor's proposal but includes language that could hamper the ability of adult home residents with psychiatric disabilities to move to community-based settings if they so desire.

For the first time in many years, there is funding and a process to help those residents to move to community housing, if they wish, and the creation of another workgroup or changes to the regulations are unnecessary.

**Medicaid Waiver:** New York State applied to the federal government for a \$10 billion waiver to further New York's efforts to transform the health delivery system. Through New York's Medicaid Redesign Team Initiatives, New York projects it will save the federal government \$17 billion and has requested the federal government return a portion of those savings to New York. The federal government agreed to \$8 billion for New York to reinvest back into its health care delivery system. This money will allow New York to:

**Expand the Money Available for Capital:** The Governor's budget adds \$1.2 billion to support health care infrastructure.

Assembly Response: Modifies proposal to allow additional provider types to apply and add reporting requirements.

Senate Response: Modifies the Governor's proposal to require Public Authorities Control Board to approve all awards, prior authorization by the Legislature, and annual report to the Legislature.

**Establish Regional Health Improvement Collaborative:** The Governor proposes \$7 million in 2014-2015, growing to \$16 million in 2015-2016 to support establishing 11 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.

*Assembly Response:* Accepts the Governor’s proposal.

*Senate Response:* Rejects the Governor’s proposal to establish RHICs.

Regional health planning is sorely needed in New York’s shifting health care landscape. Regional planning has proven to improve efficiency and effectiveness in health care, bringing together stakeholders to transform regional health care systems to address prevention, access, cost, quality, and population health.

**Improve Health Information Technology:** Continues operation of the State Health Information Network of New York (SHIN-NY) to facilitate the sharing and collecting of health care data. The Governor proposes a \$95 million investment for the operation of the SHIN-NY, and establishes a statewide electronic medical record system and an ALL Payer Claims Database. The Governor also proposes leveraging \$30 million from the Medicaid Waiver to support other HIT projects.

*The Assembly:* Decreased the Governor’s proposed investment by \$15 million for the operation of the SHIN-NY and decreased it an additional \$10 million to support Health Information Technology projects.

*The Senate:* Rejected \$55 million for SHIN-NY operations.

The majority of the Medicaid Waiver money will support a new **Delivery System Reform Incentive Payment (DSRIP) program:** The DSRIP program is designed to align the objectives of the Medicaid waiver with projects in communities across New York State with the intent of stabilizing the State's health care safety-net, re-aligning the State's delivery system, and reducing avoidable hospitalizations and emergency department use by 25% over the next 5 years. Major public general hospitals and Safety Net Providers that meet the to-be-determined criteria are eligible to apply for DSRIP funding. Applications must include a broad spectrum of community providers.

Under the Governor’s budget proposal, the State would have the authority to award DSRIP contracts using an expedited process.

*Assembly and Senate Response:* Both the Senate and Assembly proposals would give the Legislature more authority in determining how the Medicaid waiver funds are to be distributed.

Schuyler Center seeks a strong definition for ‘safety net’ providers and criteria that include the patient experience and transparency and accountability of providers and payment.

## Behavioral Health

The Governor's proposed budget includes behavioral health investments that support the Medicaid Redesign Team's recommendations for behavioral health services. The investments are tied to the State's ongoing efforts to embrace managed care and redirect 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 to managed care into behavioral health services.

*Assembly Response:* Accepts the Governor's proposal and requires annual reports to the Legislature detailing the amount of savings achieved and how the funds were allocated.

*Senate Response:* Accepts the Governor's proposal but requires a reinvestment plan be submitted to the Legislature 30 days before the distribution of funds and a detailed annual report.

**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.

*Assembly Response:* Accepts the Governor's proposal.

*Senate Response:* Does not address.

## Juvenile Justice

The Governor proposes to create a Commission on Youth, Public Safety and Justice. The Commission's purpose will be to make recommendations on how best to raise the age of juvenile jurisdiction, improve health, well-being, education and other 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 part of a statewide coalition to ensure that children are treated as children and that New York creates a juvenile justice system that creates opportunities for youth (including developmentally appropriate education and counseling) and advances public safety.

The Legislature is waiting to hear more once the Governor appoints a Commission.

## Economic Security

**Property and Income Tax focused on low- or moderate-income New Yorkers:** The Governor proposes myriad tax reductions for corporations, manufacturers, high-income estates, and personal income. Unlike budget actions funded only for the budget year at hand, tax policy, once

implemented, often remains in place in perpetuity. Hence, tax reductions implemented this year will have a continued effect on the State's capacity to fund programs in future years. We consider below those tax policies aimed at low- or moderate-income New Yorkers.

The Governor proposes several initiatives framed as relief from New York's "burdensome property tax." 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.

*Assembly Response:* Rejects the Governor's property tax freeze proposal; accepts with modifications the Governor's property tax circuit break credit for low- and middle-income homeowners and renter's personal income tax credit; and repeals the minimum wage credit enacted in last year's budget.

*Senate Response:* Modifies the Governor's property tax freeze/refundable personal income tax credit for homeowners and establishes "Freeze Plus" with \$400 million in year one, growing to \$1.2 billion thereafter. Rejects the Governor's property tax circuit break credit for low- and middle-income homeowners and renter's personal income tax credit.

**Extend Noncustodial EITC for Two Years:** The Governor proposes extending through tax year 2016 the noncustodial Earned Income Tax Credit (EITC) at a cost of \$4 million. The credit is available to noncustodial parents who pay child support for a qualifying child with whom they do not reside. The Assembly and the Senate accept the Governor's proposal.

**Minimum Wage:** The Governor's proposed budget does not accelerate the enacted timetable to raise the minimum wage, which is scheduled to increase gradually to \$9.00 an hour by January 1, 2016 as enacted in the 2013-14 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).

*Assembly Response:* Repeals the complicated tax credit enacted with the 2013-14 budget's minimum wage increase that is only for employers that employ youth between the ages of 16 and 19 and only if they pay them precisely the minimum wage.

*Senate Response:* Does not address minimum wage.

### **Public Assistance**

The Assembly one-house budget proposal offers changes that would affect people receiving public assistance.

- Proposes to allow participation in a four year post-secondary education program to count as work participation;
- Provides an exemption from work participation for households with an infant under the age of one when a district is unable to provide child care subsidies to all in need of them; and
- Proposes certain requirements of the local social services districts before imposing sanctions and a quick end to sanctions once issues have been rectified.

Neither the Governor nor the Senate offer changes.

## Maternal and Infant Home Visiting

The Governor's proposed budget continues flat funding for Healthy Families New York at \$23.3 million, and contains no appropriation for the Nurse-Family Partnership program. In addition, the Office of Children and Family Services' 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.

Assembly Response: Adds \$2 million for Nurse-Family Partnership.

Senate Response: Adds \$3.5 million for Healthy Families NY and \$4 million for the Nurse-Family Partnership.

Maternal and Infant Home Visiting programs improve health and well-being while saving money. Investments in home visiting programs are some of the best investments the State can make and we hope the Senate and Assembly leadership can stimulate the Governor to do more.

## 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 2013-14 budget. Localities use preventive/protective funding to prevent the need for foster care placements. Localities are experiencing increased pressure 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.

Assembly Response: The Assembly increases the state share to 63%.

Senate Response: Did not address.

Child welfare prevention services help families with supports and services before there is a crisis. We applaud the Assembly for recognizing this and increasing the State match for preventive/protective services by increasing funding for these critical child welfare programs.

**Foster Care and Higher Education:** The Assembly includes \$2.65 million to increase the amount of financial assistance for higher education for youth in foster care and wards of the state. Youth in care are currently treated as "independent" in the Tuition Assistance Program (TAP), meaning they receive less financial assistance than their peers who are "dependent" and living with their parents. Youth in- or aged-out of foster care should receive at least the same TAP benefits as youth who have the benefit of financial support from their families. This line item appears in the Higher Education Services Corporation (HESC) portion of the budget.

Schuyler Center applauds the Assembly for advancing this initiative. It is a first step in assuring that all foster care youth have the supports and financial assistance they need to pursue higher education or job training. It is incumbent on all of us to support foster care youth in their transition to adulthood and assure they are on the path for success.

## 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 \$27.5 million for youth ages 14 to 20.

Assembly Response: Accepts the Governor's proposal.

Senate Response: Does not address.

**Youth Development Programs:** The Governor's proposed budget decreases Youth Development and Delinquency Programs by \$1,285,544 as compared to the enacted 2013-14 budget. Last year, the Legislature added this amount in budget negotiations.

Assembly Response: Restores the Governor's budget cut.

Senate Response: Restores the Governor's budget cut.

## Other

**Pay for Success/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 homelessness.

Assembly Response: Reduces the Governor's proposal to \$23 million.

Senate Response: Reduces the Governor's proposal to \$23 million.