



NEW YORK STATE SENATOR

Liz Krueger

Senate Passes Critical Deficit Reduction Legislation

LIZ KRUEGER February 2, 2009

(Albany) - Working with the Governor and the Assembly, today, the State Senate passed critical deficit reduction legislation taking the necessary first steps toward addressing the fiscal crisis facing New York State. Passage of this legislation demonstrates the Senate's commitment to responsible state budgeting.

Today's action, which will result in closing a budget gap of approximately \$1.6 billion for the current fiscal year, will improve the state's bond rating significantly decreasing the costs of funding for public works and other vital projects, as well as demonstrate New York's preparedness to properly manage funds the state will acquire from the federal stimulus package.

"We made a commitment to the people of New York that we would address the budget gap for this fiscal year by adopting a \$1.6 billion deficit reduction plan," said Senate Majority Leader Malcolm A. Smith. "By passing this critical legislation New York State has demonstrated fiscal responsibility and economic discipline, better positioning the State's bond rating and opportunity to receive federal stimulus funding."

"The DRP will provide immediate relief to the \$1.7 billion deficit in the 08-09 fiscal year and a precedent for future success as we pursue solutions to the budget deficit in fiscal year 09-10 year," said Deputy Majority Leader Jeff Klein (D-Bronx/Westchester). "This package is a huge

step toward revitalizing the economy and getting the state back on track. New Yorkers need aggressive action now and, moving forward, we in the New Albany are here to deliver."

"This was not an easy decision to make today, but we have approved a plan that is in the best interest of the state to reduce the 2008-09," said Senator David J. Valesky (D-Oneida), Vice President Pro Tempore of the Senate. "We acted with the governor and our colleagues in the Assembly to reduce our state's budget and put us in a better position to pass a responsible 2009-10 budget in the coming months."

"This meaningful piece of legislation passed by the Senate proves that we are ready to work tirelessly over the course of this legislative session," said Senator Carl Kruger (D-Brooklyn), Chair of the Senate Finance Committee. "Through stern fiscal responsibility we are prepared to advocate for our constituents and deliver real solutions for the people of New York."

"These were not easy cuts, but the longer we waited, the worse they would have been," said Senator Liz Krueger (D-Manhattan), Vice-Chair of the Senate Finance Committee. "The plummeting economy has forced us to rethink government revenue and spending, and the failure to act previously has resulted in the people of this state losing faith in Albany. Part of restoring people's faith in our government is showing them that their tax dollars are being spent wisely."

"In these tough economic times it is important that we remain fiscally responsible, fair, and equitable in how the state's finances are managed," said Senator Martin Malave Dilan (D-Brooklyn). "This process was difficult but partnering with the Governor and Assembly, I am confident that we can get this state back in great fiscal shape and move forward with balancing next year's budget."

"In eliminating the deficit for this fiscal year the legislature took a critical step in expediting the economic recovery of the State of New York," said Senator Ruth Hassell-Thompson (D-Bronx). "The Democratic Conference is standing by New Yorkers through these difficult economic times, and through actions such as we took today, can turn this economy around through proper fiscal management."

DEFICIT REDUCTION PLAN SUMMARY

**FY08-09 savings \$1.592 billion

Administrative Items	380M
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Statewide Spending Controls/Maximization	100M
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- DOB and State Ops to hyper-review all contracts & capital

Existing Fund Balances/Debt Reduction	100M
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- \$50M in authorized transfers and \$50 from Debt Reduction Reserve

Change Timing of NYC STAR Payment	93M
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- Payment moved from December 08 to June 09

Manhattan District Attorney Balance	82M
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- Higher settlements and recoveries than planned

Rescind Vacation Exchange Program	5M
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- Vacation-for-cash swap plan rescinded

Legislative Items	1,212M
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General items

NY Power Authority Payments	306M
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- Cash transfer of funds not needed for operating, capital or debt service

Attorney General Litigation Settlements	91M
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- Cash transfer leaving reasonable balance

Increase SUNY Tuition \$620 per SUNY board	61M
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- 14% tuition increase with 10% of funds retained by SUNY in 08-09 and 20% in 09-10

Increase TAP Awards	(8M)
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- Automatic trigger of aid to low-income students

Earned Administration Federal Funding	100M
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- Reimbursement for enforcement of child support payments

No Member Item Deposit	30M
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- Planned transfer to Community Projects Fund eliminated for 08-09

Housing Bond Financing	25M
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- Alternate financing for Mitchell-Lama Rehab, Greater Catskills Flood Remediation Program and Housing and Economic Stabilization for Long Island Program (HELP)

DASNY Fund Sweep	6M
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- Transfer of excess revenues

Eliminate Vol. Recruitment Svcs Scholarship 2M

- Balance transfer, no impact on scholarship recipients

Local Government Aid Reductions (excpt Buffalo/Erie) 1M

- Reduction in Department of State consolidation grants

EPF Sweeps/Capital Bonding 75M

- Cut in commitments and additional bonding, still allows 37% growth from 05-06

20% Reduction to New SFY 09 Leg Adds 26M

- Cut reduced from 50% proposed by Governor

Reduce Art Grant Funding 7M

- Cut of unawarded funding

EcDev/ESDC/ST&I Program Reductions 6M

- Cut in unused funds from economic development programs

Statewide Wireless Account Sweep 25M

- Sweep of unused funds

Insurance/Banking Sweep 11M

- Sweep of unused funds

Delay Foster Care Bridges to Health to 2011-12 1M

- Delay phase-in of Medicaid waiver program

OASAS (reduce prevention funding) 3M

- Cut to school-based prevention services leaves \$19M for spending through April 09

Insurance

Increase Covered Lives Assessment 120M

- Raise assessment on insurers that funds public health care programs

Shift Healthy NY to assessment on insurers 137M

- Shift financing of state subsidy for job-related insurance coverage to assessment on insurers

Shift HMO Direct Pay to assessment 40M

- Shift financing of state subsidy for direct-pay insurance to assessment on insurers

Delay Nursing Home Rebasing Jan - April 09 22M

- New payment rates delayed four months

Public Hospital Recruitment/Retention 9M

- Sweep of unused funding

Non-Public Hospital Grants (DSH Cap Pop Up) 11.2M

- Cap on Disproportionate Share Payments for Hospital (DSH) applied to non-public hospitals

Adirondack Cancer Center (2-3 yrs unspent) 5M

- End to demonstration project

Public Nursing Home Recruitment/Retention 4.2M

- Sweep of unused funding

Eliminate 2008 Retro MA Trend Adjustment 0M

- Recalculation of 08 Budget Reduction Plan impact

Recoup Early Intervention Overpayment 11M

- NYC acknowledges overpayment and agrees to recoupment

Additional Items to Close Gap

Statewide Wireless Network Letter of Credit Payment 50M

- Cash management related to SWN financing

Additional Savings from Spending Controls/Offsets 35M

- Booked savings from efficiency initiatives

HARSH CUTS AVOIDED BY SENATE AND ASSEMBLY ACTION

(proposed by Governor Paterson but not included in final DRP)

Over half a billion dollars in across-the-board cuts to hospitals

Assessments \$361.6M

GME cuts \$23.4M

Rate cuts \$84.3M

Trend cuts \$97.4M

Total \$566.7M

Over a quarter-billion dollars in across-the-board cuts to nursing homes

Rate cuts	\$120.9M
Transportation cuts	\$13.2M
Trend cuts	\$139 M
Total	\$273.1M

Over a hundred and fifty million dollars in across-the-board cuts to home care and personal care

Mandated savings	\$54M
Rate cuts	\$21.5M
Trend cuts	\$82.5M
Total	\$158M

Fifteen million dollars in across-the-board cuts to community colleges

SUNY/CUNY community college base aid cut \$15M