



NEW YORK STATE SENATOR

Thomas K. Duane

FY 2011-2012 Budget Update

THOMAS K. DUANE April 1, 2011

Shortly after midnight on March 31, the New York State Legislature enacted the Fiscal Year 2011-2012 State Budget. The \$132.5 billion budget, which was the first one in five years to pass on time, reduces overall spending by two percent and has no new taxes or borrowing.

While there has been much praise for this year's budget and I was pleased to partner with my Democratic colleagues to win a number of critical restorations, including Title XX funding for our senior centers, funding for schools for the hearing- and visually-impaired, funding for SUNY and CUNY, and reforms to the juvenile justice system, I could not in good conscience support it. Among other shortcomings, it placed the sole burden of the sacrifices necessary to get us through these difficult economic times squarely on middle class and low-income New Yorkers, and thus, I voted against the entire package.

There is no question that passing an on-time budget is fiscally responsible and I have spoken out against the string of late (and sometimes very late) budgets that have been enacted before and after my arrival in the State Senate in 1999. Governor Andrew Cuomo has shown tremendous leadership in making timely budgets a priority and great skill in bringing various stakeholders to the table for an honest, open and frank dialog which helped craft this budget during a painful fiscal crisis.

Unfortunately, while Governor Cuomo facilitated open and transparent budget discussions, the Legislature reverted to its old tired tricks. Starting in March “Conference Committees” between the Senate and Assembly were formed and broken down into key issue areas. I was appointed by Senate Democratic Leader John Sampson to the Health and Human Services subcommittee. The purpose of Conference Committees is to negotiate, in an open and public process, the differences between the Senate and Assembly budget proposals. In reality, these committees are highly scripted and disingenuous to the public. The real decisions are made behind closed doors by the Senate Majority Leader and Assembly Speaker. I had high hopes for this year’s Conference Committees, but as soon as I realized their futility I spoke out against the process on the record and refused to be a part of the deception.

Sadly, the Legislature allowed the “Millionaire’s Tax” to expire. This tax surcharge, enacted in 2009, created an 8.97 percent top tax rate that applied to all taxpayers with incomes above \$500,000. Under the FY 2011-12 budget agreement, the tax rate for these wealthy New Yorkers reverts back to 6.85 percent on January 1, 2012 – costing the state billions of dollars in revenue. Allowing this tax to expire shocks the conscience. This year’s budget makes deep and painful cuts – including drastic reductions to education. The revenue generated from the Millionaire’s Tax would have prevented these cuts from being necessary.

On the floor of the Senate, I spoke against the elimination of the Millionaire’s Tax and I also spoke out against New York’s regressive tax policy. New York needs to implement a fair and progressive tax structure based on one’s ability to pay. This is the only way New York will generate much needed revenue. This year, because of the no new taxes mandate, the Legislature struggled to find revenue – including a heavy reliance on gambling profits. For me, this is simply unacceptable and is one of the reasons I voted against the budget.

I was also outraged that the extension and expansion of New York’s rent regulations was not

placed in the budget. The availability of affordable rental housing is dramatically and rapidly decreasing in New York City and in many other parts of our State – including municipalities in Westchester, Rockland and Nassau counties. Rent regulation protections are urgently needed to preserve our precious housing stock. Loopholes must be closed and regulations must be strengthened to prevent any further circumvention of rules which were designed to keep New York's housing stock affordable and habitable.

I pointed out on the Senate floor that rent regulations have worked. The housing stock in the City of New York is in far better condition than it is in other parts of the State without rent regulation. It is critically important to use any and all strategies to renew and strengthen rent regulation and the Legislature missed an incredible opportunity to do so in this year's budget.

As I noted above, there were some positive elements in the budget, for which I and my Democratic colleagues aggressively advocated:

- Title XX funding for New York City's senior centers was restored.
- A proposed \$250,000 cap on non-economic damages in medical malpractice proceedings was eliminated.
- While far from enough, the Legislature restored \$272 million in proposed cuts to education, including funding for schools for the hearing- and visually-impaired, summer school education funds and \$51 million to New York City Schools.
- Significant reforms of New York's juvenile justice system were made by encouraging the use of community based alternatives, downsizing the state juvenile facilities by more than 30

percent, and investing resources into enhanced services for juveniles that remain in custody.

Furthermore, the Governor's Medicaid Redesign Team produced recommendations which were used to decrease Medicaid spending by \$337 million dollars and place a strong emphasis on quality primary care.

Generally, the Health and Human Services portion of the budget was both positive and negative in funding and policy actions. While I am not breaking down this portion of the budget in great detail, please contact my office with any questions on this segment of the budget.

In fact, the budget process in Albany is complex and the documents are thousands of pages long. If you have any questions or concerns about what is included in this year's budget, again, please do not hesitate to contact my office.

The budget process may be over in Albany, but the work is far from over. The Legislative Session ends on June 20th and I will continue to fight for the things that matter most to us – rent reform, marriage equality, ethics and redistricting reform and much more.