



THE NEW YORK STATE PUBLIC EMPLOYEES FEDERATION TESTIMONY

Health/Medicaid Joint Legislative Budget Hearing
2025-2026 Executive Budget Proposal
February 11, 2025
Testimony by Wayne Spence

Good afternoon Chairpersons Krueger, Prelow, Rivera and Paulin and other honorable members of the Legislature. My name is Wayne Spence and I am the president of the 54,000-member strong New York State Public Employees Federation (PEF). I want to thank you for the opportunity to speak to you about Governor Hochul's 2025-26 Executive Budget, as well as some other proposals to help alleviate the health care workforce shortage and provide quality, affordable care to all New Yorkers. Our union is composed of professional, scientific and technical experts who provide critical services to the residents and taxpayers of New York State, including 10,000 nurses and other health care professionals who work at the SUNY hospitals, as well as various other agencies, including the Office of Mental Health and the Office for People with Developmental Disabilities, the Office of Addiction Services and Supports, the Department of Corrections and Community Supervision and the Office of Children and Family Services. PEF members are the frontline workers who care for the state's most acute patients with health, mental illness, developmental disabilities and addiction issues. PEF members take a great deal of pride in their work and the care they provide to clients.

In 2023, New York spent \$1.2 billion to pay 22.7 million hours of overtime worked by state employees. The health care workforce shortage is costing the state hundreds of millions of dollars in excess overtime, in addition to the costs associated with high-priced "traveling nurses" who are hired to close the staffing gaps. These items, in turn, increase attrition and hurt staffing at state facilities.

In 2022, the Legislature passed a law (Chapter 815) that was amended the following year (Chapter 27 of the laws of 2023) to put some teeth in enforcement of the state's existing "no mandatory overtime" law. While this is a good start, stronger penalties must be implemented for those hospitals that continually violate the law.

2025-26 Executive Budget Proposals:

The following Executive Budget proposals build on existing efforts to expand coverage and support the state's health care workforce:

\$450 Million in Capital and \$100 Million in Operating Aid for SUNY Downstate

At this time last year, we were shocked and disheartened to learn that the SUNY Chancellor had developed a "transition" plan for SUNY Downstate that would see the establishment of a new state-operated wing at Kings County Medical Center and the closure of SUNY Downstate Medical Center. With your help, we were able to stop the proposed closure.

We believe it was very short sighted to try to undercut one of the premier health care workforce training systems in the nation – the public hospitals operated by the State University of New York. These teaching hospitals provide critical care services to their communities, as well as high quality and affordable training for doctors, nurses and other health care professionals. We should be investing in these institutions, not closing them down.

While we acknowledge that SUNY Downstate continues to face significant financial headwinds due to the nature of the clientele it serves – i.e., indigent, uninsured, underinsured and migrant populations – we do not understand why the state continues to spend billions of taxpayer dollars to support private hospitals as its own public hospitals continue to struggle.

PEF believes the state should be investing significant operating and capital resources into the SUNY hospitals to expand their educational capacity for underrepresented populations, and to provide clinical experiences linked to serving high-need populations, especially SUNY Downstate. This proposal, along with last year's similar funding of \$300 million for capital and \$100 million for operating aid, goes a long way toward making SUNY Downstate the leader in health care that it should be. As part of last year's budget, you also created the "Community Advisory Board for the Modernization and Revitalization of SUNY Downstate Health Sciences University." While we expect to see recommendations from this group soon, we hope that the \$300 million in capital from last year that was not spent will be reappropriated to ensure SUNY Downstate can successfully carry out its mission.

\$200 Million in Capital for SUNY Upstate

Much like Downstate, SUNY Upstate has suffered from disinvestment over the last decade. While private facilities are often upgraded and expanded, the SUNY hospitals are often crumbling and in need of investment. In addition, they serve a clientele that is often not able to pay for the services rendered, causing additional financial pressure on the hospital.

This \$200 million would go a long way toward improving the facility and quality of care that can be provided by SUNY in the Central New York region. Additional aid may be needed in future years, but this represents a good start and shows the state's commitment to serving all its residents.

\$106.7 Million for Roswell Park

Roswell Park Comprehensive Cancer Center, a state public benefit corporation, relies on the state to help it carry out its core mission. While the Governor has proposed to reduce the capital funding to Roswell by \$4 million over last year's amount, we are pleased that the amount is similar to what the institute has been receiving in previous years.

\$25 Million for DOH Veterans' Homes and Helen Hayes Hospital

The Governor has proposed additional funding for these five facilities—Helen Hayes Hospital in West Haverstraw and DOH-operated veterans' homes in Batavia, Montrose, Oxford and St. Albans. Like many state entities, the facilities at Helen Hayes and the veterans' homes are often neglected and routine maintenance is delayed, leading to the need for capital investment. It is time that the state raise the standards for all of its program areas, and this is a good start for veterans and those who need rehabilitative care.

PEF BUDGET REQUEST: Accept the proposed funding for SUNY Downstate, Upstate, Roswell Park, veterans' homes and Helen Hayes at the level in the Executive budget and increase these amounts, if possible.

The following items should be cause for concern.

1. Shifting Oversight from SED to DOH

This section of the budget would transfer the authority to define, license and oversee with respect to professional misconduct of physicians, physician assistants, and specialist assistants from the State Education Department (SED) to the Department of Health (DOH).

The State Education Department, under the direction of the NYS Board of Regents, regulates health care and other professions through the Office of the Professions and the State Boards for the Professions. The Regents also appoint a State Board to advise and assist the Regents on matters of professional regulation for each individual licensure area. The core functions of the Office of the Professions are to regulate professions and protect the public. To that end, it is appropriate for this function to rest with SED because education plays a key role in preparing licensed professionals and in ensuring their continued development. This long-established process helps to ensure the autonomy, professional quality and integrity of each licensed profession.

There are concerns about the consequences of transferring oversight from an entity that is generally considered to be independent to an agency directly under the control of the Governor. Two years ago, the Governor proposed a similar measure for nurses. We thank you for opposing that proposal and we urge you to do the same with this one.

PEF BUDGET REQUEST: Reject S. 3007/A/ 3007 Part V

2. Entering the Interstate Nursing Compact (S.3007/A.3007 – Part W)

PEF does not support authorizing New York state to enter into the Interstate Nurse Licensure Compact. While this may bring additional nurses to New York from other states, this may also lead to outmigration of nurses from New York to other states in the Compact. Nurses may decide to leave New York for a variety of reasons, and this would make it easier for them to relocate and exacerbate the current staffing shortage.

PEF is also concerned that most of the Compact states have significantly lower licensure requirements than New York. New York should be proud of its high standards and lowering those standards simply to allow out-of-state nurses to practice in New York should give us all pause.

PEF is also very concerned about entering into the Compact given the recent Dobbs decision. Many Compact states, including Alabama, Arkansas, Idaho, Kentucky, Mississippi, Missouri, Oklahoma, North Dakota, South Dakota, Tennessee, and Texas have taken actions to severely limit a woman's right to choose and have also enacted statutes that levy significant penalties against health care professionals who perform abortions, even when the patient's life may be at stake. If we enter the Compact, how does the state regulate the activities of nurses with licenses from these states who support these limits and how does the state protect the nurses from New York practicing in one of these other states when a patient requires a life-saving abortion?

In the end, there are no short cuts for developing the workforce we need. Even before Dobbs, there was simply no evidence indicating that states which have entered into this Compact have seen patient outcomes or staff-to-patient ratios improve.

PEF BUDGET REQUEST: Reject S.3007/A.3007 Part W

Additional Policies for Success

To address the state's health care workforce challenges and to support the delivery of quality services in an effective and efficient manner, PEF recommends implementing the following staff attraction and retention programs:

1. Fix Tier 6 Retirement Plan

Thanks to your work and that of Governor Hochul, New York has taken important steps in adjusting its defined benefit pension plan for public employees in Tier 6 by re-instituting the five-year vesting requirement for plan members, returning to a three-year final average salary (FAS) for computing employees' pension benefits and excluding overtime compensation from the calculation of employee contributions to the plan. But more needs to be done. The current Tier 6 plan does a disservice to state and local employers by removing the benefit enhancements structured in typical defined benefit plans that serve to attract and retain talent and foster long-term staff experience, capacity and excellence. We believe the next important step in adjusting the Tier 6 plan is to standardize the employee contribution at 3% (A. 5487 Pheffer Amato - 2023). Currently, higher paid, more experienced workers contribute more to the plan. The current employee contribution structure essentially penalizes workers for working overtime, earning promotions, or securing contractual salary increases. This serves as a disincentive for certain promotional or transfer opportunities. Standardizing the employee contribution would incentivize individuals to become long-term public employees and provide state agencies the trained and experienced civil servants they desperately need. Other recommended Tier 6 changes include restoring the 2% calculation at 20 years of service; reauthorizing retirement eligibility at age 55 with 30 or more years of public service; and improving the amount of compensation that can be used to calculate a worker's final pension.

While we understand and appreciate that "Fixing Tier 6" will take time, we need to take that next step now so we can attract and retain the workers the state needs and rebuild a career public workforce dedicated to delivering quality services to the public.

2. Enact a Nurse Preceptor Program

As part of the American Federation of Teachers' (AFT) "Code Red" nurse attraction and retention campaign, PEF supports a preceptorship program to provide mentors for student nurses. This program is similar to the mentoring program New York has for teachers. It has been demonstrated that pairing nursing students with preceptors or mentors provides critical support and reduces attrition. It would be another way to help new nurses develop the skills necessary to be successful and deliver quality health care.

Legislation to do this (S.2067/A.2230 in 2024) has already been proposed. It would amend the tax law to provide a personal income tax credit for health care professionals who perform preceptorships for students to act as a bridge between classroom education and hands-on clinical training.

Unfortunately, there is a substantial shortage of qualified preceptors in the state. The time requirement to act as a preceptor is substantial, and some preceptors have begun to charge institutions between \$250-999 per rotation for their services. New York institutions are unable to afford this cost, or compete with offshore medical schools and health programs, which pay preceptors to take their students.

This bill would help to fortify our health care workforce and make New York State competitive in the market for qualified preceptors by creating a clinical preceptorship personal income tax credit which will incentivize participation in clinical training programs. The credit would be available to preceptor clinicians who provide instruction as part of a clinical preceptorship in both community and inpatient facilities. The credit would be for \$1,000 for every 100 hours of community-based instruction, with a maximum credit of \$3,000. The credit would only be available to clinicians who do not receive any form of compensation for providing clinical preceptorships. New York State provides some of the best clinical educational opportunities in the country, and this bill will provide a mechanism to continue this tradition in the competitive global market.

3. Expand the Nurse Ratio Staffing Committees

In 2021, the Legislature passed a law that required all hospitals and nursing homes to create committees with staff to determine appropriate staff-to-patient ratios for various levels of care. However, this law only covers hospitals and nursing homes. PEF nurses work in a variety of settings that do not fall under either of these types of facilities. PEF members at SUNY campuses, correctional facilities, OMH facilities, OPWDD facilities and OASAS facilities are not covered under this law and have no input in staffing decisions. This is a major problem as all of these agencies have relied on mandatory and other overtime to meet staffing needs. Allowing staff to have input into their schedules, especially when it comes to overtime, is easy and critical to addressing the quality-of-life issues that force so many health care workers to leave state service. We propose expanding the law to include nurses at other state agencies be covered by the existing requirements for hospitals.

Thank you for the opportunity to share our concerns with you. We look forward to working with you to ensure that all New Yorkers receive the quality health care they deserve.

Sincerely,

Wayne Spence

President, New York State Public Employees Federation