

Testimony of Henry Garrido, Executive Director of District Council 37, AFSCME/AFL-CIO
on
Joint Legislative Public Hearing on 2021 Executive Budget Proposal:
Workforce Development

New York State Senate Committee on Finance
New York State Assembly Committee on Ways and Means

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Chair Krueger, Chair Weinstein, and the Members of the New York State Senate and New York State Assembly, my name is Henry Garrido and I am the Executive Director of District Council 37 (DC37). I represent over 150,000 municipal and non-profit workers in New York that include workers like EMT/EMS, school lunch workers, public hospital staff, health inspectors, and childcare professionals, among others who help keep New York running.

The COVID 19 pandemic has ravaged the world and here in New York, institutions and services that all of us rely on are facing unprecedented challenges. In addition to the devastating human cost, we have all witnessed our neighborhood businesses shuttered, overwhelmed healthcare systems, and municipal services stretched beyond capacity. I am sure that you agree that this budget needs to remain focused on our steadfast recovery.

As New York State's budget takes shape, we must prioritize raising revenue while maintaining essential services. The revenue must come from the wealthiest whose wealth has only increased during the pandemic. Our expenditures must support critical services for our most vulnerable performed by our essential workers. To that end, I would like to focus my testimony on three areas of great importance to my membership for which we need your support: 1) pushing back on cuts presented in the Executive budget, 2) increasing State revenue by taxing wealth, and 3) an Early Retirement Incentive to ease New York City's (NYC) revenue shortfalls.

Pushing Back on Cuts to Essential Services: Medicaid & Human Services

The Executive Budget proposes a 1% across the board cut to providers of Medicaid beginning January 1, 2020. Further, the Executive has reconvened the Medicaid Redesign Team to find, in one month's time, an additional \$2.5 billion in cuts to the Medicaid program, without harming recipients and local governments. Neither proposal draws from a sound public policy basis and must be withdrawn.

The Medicaid Cap must be repealed. Cuts to Medicaid dollars undercut the state's ability to provide care for the elderly, sick and disabled – care that is provided for by tens of thousands of DC 37 members such as those who work in public hospitals and as human service workers for private non-profits.

There are three components of cuts in the proposed budget: Across the Board, Indigent Care Pool and Capital Rate. For Health + Hospitals alone, the 1% cut in Medicaid funding would be about \$26M coupled with a loss of \$59M in Indigent Care Funds, a source of funding which is specifically for supporting care for uninsured and uninsurable, and yet is continually attacked and eroded, and a capital rate cut of \$31M. This amounts to a total estimated FY 22 cut to H+H of \$116M on top of FY 21 cuts that totaled \$113M. We cannot continue the twenty years of ravaged funding for NYC's only public hospital system while simultaneously putting the system on the frontlines of fighting the COVID-19 pandemic.

At the same time, more than 870,000 human services workers provide the most basic and essential services for New York State's most vulnerable people. They are childcare and daycare workers, social workers, homecare workers, healthcare workers – all providing needed care to people with developmental and severe physical disabilities, seniors, people fighting addiction and pre-school-aged children. While the human service budget was increased by 5.6%, funding for many of the agencies that provide direct services remains flat and fails to target funds account for the increase in need and the increase in costs.

One particularly troubling component of the Executive Budget concerns local assistance. Unless the state receives federal COVID relief funds, local assistance for all human services programs will see a 5% cut. Even if the funds are received, the budget makes clear that local assistance reductions may not be restored. This dangerous gamble threatens all who rely on the multitude of services provided by human services agencies.

As you may recall, prior to the COVID 19 pandemic, these workers were in desperate need of wage increases. The campaign of 3% for 5 years – was to bring them up to a living wage. Failure to target state, local and not-for-profit funding for wage increases has kept this human service cohort at subsistence salary levels for years and I urge you to dedicate increases to these lowest paid human service workers' wages.

Our members' unwavering commitment to support people with intellectual and other developmental disabilities is demonstrated in every work day. We work to see our clients build full lives through quality education, employment training and job placement, therapeutic services, appropriate housing, home care, day programs and opportunities for social engagement. The current budget risks all the important gains achieved in past years. Though OPWDD's budget has increased by 2.8%, this increase does not cover the growing demand for services, the basic wages needed, and the increasing cost of delivering those services.

Increasing State Revenue

New York State's income tax system has allowed the wealthiest of the wealthy to shirk financial responsibility for years and it is time for them to embrace their potential in this State. For too long, working people from across have suffered from budgets that prioritize the needs of the rich rather than our most vulnerable. As I have said many times before, rebuilding our economy will require all of us to pitch in; and it is past time for the wealthy to pay their fair share.

There are those who repeatedly claim that wealthy people will leave New York if their taxes increase. This is a baseless scare tactic designed to convince New Yorkers that we need to sacrifice more, contribute more, expect less and do without. Their threats do not pan out. In fact, before the pandemic, according to the Independent Budget Office, New York's multi-million dollar earners grew both in number, and in income.

The wealthy individuals who reside or have businesses in New York do not create wealth in a vacuum. They also reside in an ecosystem of services, infrastructure, and workforce that support and many times directly fuel their profit. The most financially fortunate among us supporting a more robust and equitable recovery will also demonstrate an acknowledgement of our shared need for health, services, and responsibilities.

Rather than proposing cuts to Medicaid, education, and local governments, or imposing additional fees and fines that are disproportionately imposed on or paid by the working poor and middle class, it is time to implement more progressive revenue generating proposals. Holding out hope for a complete federal rescue is short-sighted and proposals such as increasing gambling only punish those already in the grips of addiction. We must begin to tax high incomes, excessive wealth, and the financial institutions and transactions that perpetuate and create income inequality.

Early Retirement Incentive for the NYC Municipal Workforce

The purpose of the Early Retirement Incentive (ERI) is to provide a modest retirement incentive to municipal employees that will increase their retirement benefits in order that they be able to afford to retire when the legislation takes effect. This will accomplish several essential objectives: 1) allow hard-working, dedicated government employees with significant years of service to retire with economic security and dignity; and 2) provide significant budgetary savings to the government agencies that employ these workers. Workers who retire under the ERI can, on an as-needed basis, be replaced by newer hires who earn less money. Also of key importance is that an ERI can help prevent the layoff of thousands of City workers, as well as workers of other municipal entities, while maintaining the services that these workers provide.

ERI will save the City significant money at a time when government budgets are under very severe strain. A higher compensated, more senior public servant can in some cases be replaced by a more junior worker hired at a lower salary and create a pipeline for civil service. Furthermore, an ERI can help prevent the layoff of thousands of hard-working, dedicated public servants and prevent the terrible economic hardship that such layoffs would cause.

Layoffs result in significant costs to government that must pay unemployment insurance, provide health care, housing support, and all manner of financial support that all workers who lose their jobs need and deserve. An ERI can allow workers to retire with dignity and retirement income that both supports them, their families and loved ones and provides the cash infusion of a retired employee into the economy, which includes the many local businesses that a member's income helps to support. Our members are eager to see ERI included in your budget

response and we thank Senator Gounardes and Assembly member Abbate for their leadership in this effort.

In closing, I would like to thank the Chairs, Committees and legislators for giving me the opportunity to testify today on behalf of essential workers and their families. We must pass an equitable budget that both respectfully acknowledges our heroes on the frontline and the New Yorkers in suffering who look to us for solutions.

I offer that in spite of the grim realities, New Yorkers are going to overcome this crisis through our sheer collective resilience and the essential workforce, once again, stepping up to the call of duty when New Yorkers are in need. Nearly 200 DC 37 everyday heroes lost their lives during this pandemic and yet we continue to show up for New Yorkers day in and day out, let it not be in vain.