

Updated Schuyler Center First Look: NYS Budget 2015-16

January 23, 2015

Comparison of Governor Cuomo's Executive Budget with Schuyler Center Policy Priorities

Governor Cuomo released his Executive Budget on January 21, 2015 which includes what the Governor calls an 'Opportunity Agenda' for New York. Schuyler Center staff will spend the coming days gaining a deeper understanding of the proposed budget initiatives. Below is a 'First Look' at how the Governor's proposed budget, in particular the Governor's Opportunity Agenda, intersects with Schuyler Center's [policy priorities](#).

The Governor spoke during the State of the State about historically high income inequality and severe child poverty, echoing themes raised at Schuyler's January 13 policy forum. And he introduced what he calls an "Opportunity Agenda," inclusive of a "Ten Point Plan to Combat Poverty and Inequality." Some of the components of these agendas match with Schuyler's priorities, including increasing wages for those at the bottom, policies that support family economic security, and reforming the justice system's treatment of minors. Other evidence-based solutions to poverty and inequality are not mentioned in the Governor's budget proposal and we look forward to working with policymakers to see them addressed.

Overview of Governor Cuomo's Opportunity Agenda

- 1. Property and Income Tax Focused on Low- or Moderate-Income New Yorkers:** The first component of the Opportunity Agenda is a property tax credit plan for homeowners and renters, often referred to as a "circuit breaker." The plan, which the Governor reports would total \$1.66 billion, would be available for households earning \$250,000 or less and paying 6% or more of their income in property taxes and would be dependent upon municipalities' participation in the Governor's 2014 property tax cap initiative. The plan will be phased-in over four years, with the property tax percentage threshold at 3.75% in 2015 and rising to 6% in 2016.
- 2. Regional Economic Revitalization:** The second component of the Opportunity Agenda is a \$1.5 billion Upstate Revitalization Fund designed to help restore economic opportunity to upstate NY. The proposal is based on the "Buffalo Billion" plan that infused funding into Western NY to promote community revitalization and job growth. The Governor's budget proposes a competition among seven regions which can compete for one of three \$500 million upstate revitalization funds: Mid-Hudson, Capital Region, Mohawk Valley, Central New York, North Country, Southern Tier and Finger Lakes.

The competitive approach is concerning in the context of generating opportunity, as solutions to revitalize struggling communities call for equitable support, rather than competition among already distressed regions.

3. **Broadband Expansion:** The third component of the Opportunity Agenda is a \$1 billion broadband program to ensure every New Yorker has access to high-speed internet by 2019. The program would be funded through a \$500 million state investment and matched by the private sector.
4. **Codify Sexual Assault Prevention and Response:** The fourth component of the Opportunity Agenda is a proposal to codify the State University of New York sexual assault prevention and response policy to all colleges and universities in New York.
5. **Student Loan Forgiveness:** The fifth component of the Opportunity Agenda would allow New York residents who receive a high school diploma or equivalent in New York, then attend college and stay in New York State, to pay nothing on their student loans for two years, providing that they also participate in the federal Pay as You Earn (PAYE) program and earn less than \$50,000 annually. When fully phased-in, the program is expected to cost approximately \$41.7 million.
6. **Small Business Tax Reduction:** The sixth component of the Opportunity Agenda is a 4% tax reduction for small businesses, phased-in over three years, and a set of new resources for small business owners under a program called New Business Express.
7. **Creation of New Office of Faith-Based Community Development Services:** The seventh component of the Opportunity Agenda is the creation of the Office of Faith-Based Community Development Services. Assemblymember and Caucus Chair Karim Camara has been appointed by Governor Cuomo to lead this office.
8. **Ten Point Plan to Combat Poverty and Fight Inequality:** The eighth component of the Opportunity Agenda is a ten (10) point plan intended to combat poverty and fight inequality.
 - i. **Raise the minimum wage:** Governor Cuomo proposes raising the minimum wage to \$10.50 by the end of 2016 and to \$11.50 in cities over 1 million (New York City) to reflect the higher cost of living. The minimum wage is already scheduled to increase to \$9.00 by December 31, 2015. The Governor’s proposal does not index the minimum wage to inflation.

At Schuyler Center’s policy forum, three upstate mayors unanimously called on the State to raise the minimum wage and give localities the authority to increase that ‘floor’ as needed to better reflect cost of living in their communities. They also emphasized the importance of indexing the minimum wage to inflation.
 - ii. **Expand employment opportunities:** Governor Cuomo’s Opportunity Agenda policy book includes a plan – but no specific funding – to expand the Unemployment Strikeforce. The ‘Strikeforce,’ which utilizes job recruitment and career services to connect unemployed residents to jobs, would be expanded in the Bronx and to

Jefferson, Lewis, Kings, St. Lawrence, Oswego, Orleans, Montgomery, Franklin and Steuben counties.

- iii. **Urban Youth Jobs:** Governor Cuomo proposes a tax credit for employers who hire unemployed, at-risk youth, between the ages of 16 and 24, with a focus on jurisdictions with high youth unemployment. The Governor renames the Youth Works Tax Credit program the Urban Youth Jobs Program, and increases funding from \$10 million to \$20 million per year for tax years 2015 through 2018.
- iv. **Invest in Housing for Vulnerable New Yorkers:** Governor Cuomo's budget briefing book indicates a \$486 million increased investment in housing. However, this number appears to include base-year funding from previous years, and will be spread out over multiple years. Schuyler Center staff will continue to work with partners who work more closely with housing in order to better understand the issues. The Governor's material says the proposal includes funding for:
 - \$229 million in capital resources for continuing the five-year House NY program, a housing program that supports affordable housing units: a \$32 million increase.
 - \$257 million from the bank settlement funds to support the following programs over the next several years: construction and rehabilitation of affordable housing; revitalization of neighborhoods, including community renewal activities; improvements to public, senior and veterans housing; and low-cost financing and access to capital through Community Development Financial Institutions. (These funds were appropriated last year, and allocated to specific purposes in this year's budget bill.)
 - Additionally, the Governor proposes to invest federal storm recovery funds in affordable housing with the expectation of helping to attract private investment to lower mortgage costs and lead to more affordable rents.
- v. **\$220 Million in Homeless Services:** The budget creates \$425 million in local savings by funding youth facilities with state resources, and requires New York City to invest its share of the savings (\$220 million) in homeless services over four years and to match it with another \$220 million. The funding is required to be used for three LINC rental assistance programs and other new rental assistance or homeless service programs created after January 1, 2015.
- vi. **\$183 Million to Support NY/NY IV Housing Program and Rental Assistance:** Governor Cuomo, proposes to use additional bank settlement funds for supportive housing, including \$66 million for a new five-year statewide NY/NY IV program which, when matched by localities would create 5,000 new supportive housing units. The Governor also proposes to support three pre-existing programs, including \$40 million for New York City's LINC 1 rental assistance program over four years; \$27 million for the rent cap for public assistance recipients diagnosed with HIV/AIDS in New York City over four years; and \$50 million for Office of Mental Health rent allowance increases for supported housing over five years. There is a modest increase in the latter program: per unit stipends will receive an increase of \$750 per year, up

from \$550 per year last year. (These funds were appropriated last year, and allocated to specific purposes in this year's budget bill.)

- vii. **\$4.5 Million to Advance Anti-Hunger Task Force:** Governor Cuomo proposes an increase of \$4.5 million to support the State's emergency food system, bringing funding to \$34.5 million. The proposal also includes an investment of \$250,000 to support the Child and Adult Care Food Program to maximize federal funds that subsidize free food for program participants, and \$250,000 for programs to help connect schools with New York farmers to promote access to healthy, locally-grown food. The budget also proposes leveraging federal funds to revamp the State's Human Services Information Technology Systems to improve client services and service coordination to make it easier for New Yorkers who need food assistance to access other benefits they need.
 - viii. **Create a Nonprofit Infrastructure Capital Investment Program:** Governor Cuomo proposes a one-time \$50 million investment from bank settlement funds to support capital projects to improve the quality, efficiency, and accessibility of human service nonprofit organizations that provide direct services to New Yorkers.
 - ix. **Increase MWBE Opportunities to 30%:** Governor Cuomo re-commissions a study on disparity in Minority and Women-Owned Business Enterprise utilization and proposes to increase the utilization goal to 30%, which would represent \$2.4 billion in State contracts.
 - x. **Get on Your Feet Loan Forgiveness Program:** Outlined under the fifth component of the Opportunity Agenda.
9. **Rochester Anti-Poverty Task Force:** The ninth component of Governor Cuomo's Opportunity Agenda, detailed in the Agenda's policy book, is an interagency workgroup to bring together the Rochester community, including public, private and nonprofit leaders to combat poverty and fight inequality in the city. The task force will coordinate and integrate resources, utilize data and information technology, develop more flexible funding arrangements and evaluate services based on outcomes.
- At Schuyler Center's policy forum, Rochester Mayor Lovely Warren described the city as "program-rich and outcome-poor." This is an opportunity for the city to work toward better outcomes.
10. **Establish a Legislative/Executive Pay Commission:** As the tenth component of the Opportunity Agenda, Governor Cuomo proposes to establish a commission to address legislative and executive pay.
11. **Juvenile Justice:** The eleventh component of Governor Cuomo's Opportunity Agenda includes recommendations from the Commission on Youth, Public Safety and Justice to raise the age of criminal responsibility in New York. The Governor proposes to phase-in the changes, raising the age of criminal responsibility to 17 by January 2017, and to 18 by January 2018. It also proposes raising the minimum age of juvenile jurisdiction from age 7 to 12, except in cases of murder which is recommended to be age 10. The recommendations

maintain District Attorney control over serious violent crimes. The budget includes \$25 million in funding for “services and expenses related to raising the age.”

Schuyler Center is a member of a statewide coalition recommending that New York create a juvenile justice system that provides opportunities for youth and advances public safety, in part by raising the jurisdictional age, as proposed by the Governor.

12. **Building a New New York:** The twelfth component of the Governor’s Opportunity Agenda is a plan to strengthen and modernize New York’s infrastructure. The plan includes modernizing airports, expanding public transportation, statewide infrastructure investments, high-speed rail, broadband (see component 3), and expanding design-build, a streamlined means for approving State projects. It appears that these initiatives are intended as one-time expenditures to be funded with bank settlement funds.

Strengthening families and promoting family economic security

Earned Income Tax Credit: Governor Cuomo’s proposed budget does not include an increased Earned Income Tax Credit (EITC) as part of his Opportunity Agenda or budget.

Schuyler recommends that the State raise the EITC to 40% of the federal benefit. The EITC is one of the best ways to “make work pay” for low-income families. Research shows that children of EITC recipients do better in school and are healthier.

Last year’s budget extended the noncustodial EITC through tax year 2016 at a cost of \$4 million. The credit is available to noncustodial parents who pay child support for a qualifying child.

Paid Family Leave: Governor Cuomo’s proposed budget does not address paid family leave. Workplace laws and policies have failed to keep up with the demographics of working families. New York should enact paid family leave so that working families do not have to choose between caring for family members and keeping their income. Working New Yorkers deserve up to 12 weeks of paid family leave to bond with a new child, care for a seriously ill family member, or address needs related to a family member’s military service or deployment.

Maternal, Infant and Early Childhood Home Visiting: Governor Cuomo’s proposed budget maintains funding for the Nurse-Family Partnership home visitation program at \$3 million and maintains funding for the Healthy Families New York home visiting program at \$23,288,200.

Maternal, infant and early childhood home visiting is a promising way to engage new and expecting parents and their children with services that support the family and lead to positive health and family stability. Schuyler Center believes it is time for the State to not just increase funding to home visiting programs but to develop a coordinated and universal home visiting system that is able to reach families early to ensure the best health and social outcomes for mothers, infants and families.

Last year’s budget included \$3 million for Nurse-Family Partnership added by the Legislature, an increase over the previous year, and maintained funding for Healthy Families New York at \$23.3 million.

Pre-K: Governor Cuomo's proposed budget includes \$365 million to expand universal pre-kindergarten for four-year-olds in New York State. This represents flat state funding of 2014-15's \$340 million and \$25 million from a federal grant to support quality early care and learning. As part of comprehensive education reforms, the Governor also proposed an additional \$25 million to expand high-quality half-day and full-day Pre-K for 3-year-olds in high need school districts for two years.

Schuyler Center is disappointed that the Governor's budget did not increase funding to ensure universal access to Pre-K for four-year-olds; maintained the disproportionate funding for New York City, compared to the rest of the state; and failed to allocate funds from the bank settlement to fix the cumbersome reimbursement structure.

The final budget must ensure that all districts can access funds to expand full-day, high-quality Pre-K, which means dedicating resources to districts outside of New York City and ensuring that districts can access Pre-K funds in advance, rather than requesting reimbursement later.

Last year's budget included \$340 million to support the expansion of universal full-day pre-kindergarten. \$300 million of that was dedicated to New York City, while the rest of the state received \$40 million.

Child Care Subsidies: Governor Cuomo's briefing book indicates that the proposed budget maintains flat funding for child care subsidies. Schuyler will continue in the coming days to work to understand the intricacies of the Executive Budget's child care subsidy funding plan.

The cost of and need for child care continues to grow and subsidy dollars do not meet demand. Quality child care contributes to child development, child safety and economic development. Parents who have access to reliable quality child care miss less work and children who receive high-quality early care enter kindergarten ready to learn. Investing in child care is essential to stabilize low-income families and NY needs to increase its investment.

Last year's budget included an additional \$41 million—\$34 million plus a \$7.2 million restoration for facilitated enrollment—for child care. An amendment to the Social Services law enacted a teen-earning-income-disregard that allows families to disregard a teen's earnings as a part of their household income, aligning child care with other needs-based programs.

Quality Improvement in Child Care (QUALITYstarsNY): Governor Cuomo's proposed budget includes a \$3 million investment in the implementation of New York's quality rating and improvement system, QUALITYstarsNY. This amount will be split evenly for the 2015-16 and 2016-17 school years.

Last year's final budget did not invest in assessing or improving child care quality through QUALITYstarsNY or any other mechanism.

Afterschool Programs: Governor Cuomo's proposed budget reduces Advantage After School by \$500,000 to \$17,255,300, as was proposed in last year's Executive Budget.

Last year's final budget included \$500,000 in TANF funding, added by the Legislature, to restore Advantage Afterschool funding to 2013-14 budget levels.

Strengthening public health, health coverage, access and care

Public Health

The Healthy Teeth Amendment: Governor Cuomo's proposed budget includes language that requires communities to have a public notice period before community water fluoridation is eliminated. This will ensure that local residents, parents and health professionals have ample time to share their views or concerns, promoting transparency and democracy in local communities. The Governor's proposed budget also provides up to \$10 million in new funding for the replacement or installation of new fluoridation equipment.

Schuyler Center convenes a statewide Oral Health Leadership Team which recommended this proposal. Community water fluoridation is the single most cost-effective way to improve oral health, especially for children in poverty. We applaud the Governor for including this provision in his budget.

Early Intervention: Governor Cuomo's proposed budget does not address reimbursement issues under the Early Intervention program. Early Intervention (EI) are services for children who are experiencing developmental delays. Due to delays in payment and reduced reimbursement rates, EI agencies have been forced to close and experienced EI providers have left the field. The State must ensure that there is a strong and efficient EI system so that the needs of young children can be met.

Public Health Pools: Governor Cuomo's proposed budget contains language that consolidates various public health appropriations into 'pools' (chronic disease, maternal and child health, infectious disease, workforce, health outcomes and advocacy) with 15% reductions for each pool. Block granting and reducing funding for vital public health services is deeply concerning.

Health System Transformation

Adult Homes: Governor Cuomo's proposed budget includes \$38 million to support the transition of adult home residents into community-based settings. This is an increase of \$8 million over the 2014-15 enacted budget. There is also a proposal in the budget to add 400 beds for adult home transition into the community.

Despite the increase in funding, the State continues to fail adult home residents, many of whom have been waiting for years to be able to live in the community. The current pace of the transition of adult home residents into the community is unacceptable.

The proposed budget also eliminates the Enhancing the Quality of Adult Living (EQUAL) program for a State savings of \$3.3 million and proposes that this funding be used to support community housing. The funding for the EQUAL program that is provided to adult homes gives resident councils the ability to provide input on how grant funds are spent. This includes identifying their own funding priorities. This is often the only input resident councils have to affect their living environments. It is astonishing that this funding is proposed for elimination when there is a long and detailed history of the poor conditions, lack of responsiveness of adult home operators, and limited autonomy of residents living in adult homes.

Last year's final budget included \$30 million for residents of adult homes to transition to community-based settings.

Value-Based Payment: Governor Cuomo's proposed budget authorizes value-based payments for managed care plans, performer provider systems as designated under the Delivery System Reform Incentive Payment Program (DSRIP), or a subset of providers participating in a performer providing system to other providers that participate.

A component of Medicaid Redesign is to move toward value-based payments, designed to shift Medicaid away from paying for volume and toward paying for outcomes.

Population Health Improvement Program: Governor Cuomo's budget includes \$13.5 million for regional health planning, which is an increase compared to last year's enacted budget. Regional planning improves efficiency and effectiveness in health care, bringing together stakeholders to transform regional health care systems to address prevention, access, cost, quality, and population health.

Last year's final budget included \$9 million to support health planning.

Medicaid Managed Care Transition

Foster Care Transition to Managed Care: The Governor's proposed budget allocates up to \$15 million, in addition to the \$5 million in last year's budget, to support voluntary foster care agencies in their efforts to transition foster care youth from Medicaid fee-for-service to managed care. The money will support training and consulting services for voluntary agencies to prepare for the transition of foster care youth into Medicaid managed care, including the ability to use health information technology.

Last year's final budget included \$5 million in funding with the promise of \$15 million the following year for the transition of children and youth in foster care into Medicaid managed care, and authorized the Office of Children and Family Services (OCFS) and DOH to develop a formula to distribute the funds.

School-Based Health Centers: Governor Cuomo's proposed budget includes \$23.5 million for School-Based Health Centers. This is a flat funding as compared to the final 2013-2014 budget.

School-Based Health Centers are a cornerstone of a strong preventive health system and Schuyler will be working to expand access to these vital providers.

Community Reinvestment: According to the Governor's Budget Briefing Book, there is \$15 million for community reinvestment which build upon last year's \$44 million of enhancements to community reinvestment.

Last year's budget included \$44 million annualized from bed closures from last year.

Behavioral Health Medicaid Managed Care Transition: Governor Cuomo's proposed budget includes a reauthorization of \$68 million for the transition to Medicaid Managed Care, Health

Homes expansion, 250 additional Children’s Home and Community Based Services (HCBS) waiver slots and support for PROS programs.

Health Coverage

New York State of Health: Governor Cuomo’s proposed budget includes \$63 million in funding for the New York State of Health, which will come from a surcharge on private health insurance premiums on coverage inside and outside the Exchange. The Governor’s briefing book estimates that the average surcharge will be less than \$25 annually.

Basic Health Program: The proposed budget includes \$35.7 million in funding for the implementation of 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.

Last year’s final budget authorized New York to create a Basic Health Program.

Child Health Plus: Governor Cuomo’s proposed budget includes provisions that align Child Health Plus (CHP) reimbursement rates for ambulatory behavioral health with current Medicaid reimbursement standards.

Federal funding for children’s health insurance is set to expire in September of this year, without congressional action.

Consumer Assistance: Governor Cuomo’s proposed budget includes \$2.5 million for consumer assistance programs that help New Yorkers get and use health insurance. These essential programs provide assistance to New Yorkers as they enroll in and begin to use health insurance, thereby ensuring that insurance coverage translates into use of medical care, including preventive services.

Last year’s final budget allocated funding from the federal government to continue to fund the Consumer Health Advocate program.

Serving at-risk families, preventing entry into the child welfare system, and producing positive results for children and families

Child Welfare

Preventive, Protective, Independent Living, Adoption, and Aftercare Services: Governor Cuomo’s proposed budget appropriates \$635 million for preventive, protective, adoption administration and services, independent living and aftercare services, maintaining State share at 62%.

Localities use preventive funding to prevent the need for foster care placements and ensure permanency for children and youth in care. Localities are experiencing increased pressures on their local budgets and have a property tax cap to consider.

Schuyler Center urges the State to re-assume the 65% state share, allowing localities to serve more families.

Last year's final budget did not restore state share for preventive services to 65%, as required by statute, but instead maintained it at 62% and included an additional \$1 million from TANF funds.

Foster Care and Higher Education: Governor Cuomo's proposed budget did not include funding to support youth in foster care to pursue higher education, as recommended by the Fostering Success Youth Alliance, of which Schuyler Center is a steering committee member.

It is incumbent on all of us to support youth in foster care in their transition to adulthood and ensure that they are on the path to success.

Last year's final budget increased the Tuition Assistance Program (TAP) award to \$5,165, from \$5,000, and allowed foster care youth to be considered dependents. This change makes youth in foster care eligible for this higher TAP award.

Kinship Guardianship Assistance Program (KinGAP): Governor Cuomo's proposed budget includes funding KinGAP within the Foster Care Block Grant, as was done in previous budgets.

KinGAP provides relatives in approved or certified foster care settings another permanency option when both adoption and family reunification are ruled out. Many of these families require financial assistance to continue caring for a foster child in their household. With the KinGAP option, kinship families can exit the foster care system and continue to receive financial support. Schuyler Center advocates separate funding for KinGAP outside of the Foster Care Block Grant. It is important that Kinship Guardianship be funded as an uncapped permanency option with no reduction to the Foster Care Block Grant.

Kinship Caregiver Services: Governor Cuomo's proposed budget includes flat funding for Kinship Caregiver services at \$338,750.

Kinship caregiver program offers important support and services to relatives who care for relatives' children in their household outside of the formal foster care program. The programs provide needed information about family members' rights, support to meet children's education and health care needs, and assistance with obtaining benefits.

Safe Harbor: Governor Cuomo's proposed Executive Budget does not include funding for Safe Harbor, a program to support vulnerable youth, including sexually exploited youth.

Last year's budget included \$3 million for Safe Harbor added by the Legislature.

Youth

Summer Youth Employment: Governor Cuomo's proposed budget slightly increases TANF funding for Summer Youth Employment programs to \$30 million, up from \$27.5 million in last year's final budget.

Last year's final budget allocated \$27.5 million, which included an additional \$2.7 million in funding to support youth ages 14 to 20.

Youth Development Program: Governor Cuomo's proposed budget decreases Youth Development and Delinquency Programs by \$1.286 million, the amount that the Legislature added to the program in the enacted 2014-15 budget.

Last year's final budget restored funding for the Youth Development Program to \$15.4 million with an additional \$1.286 million.