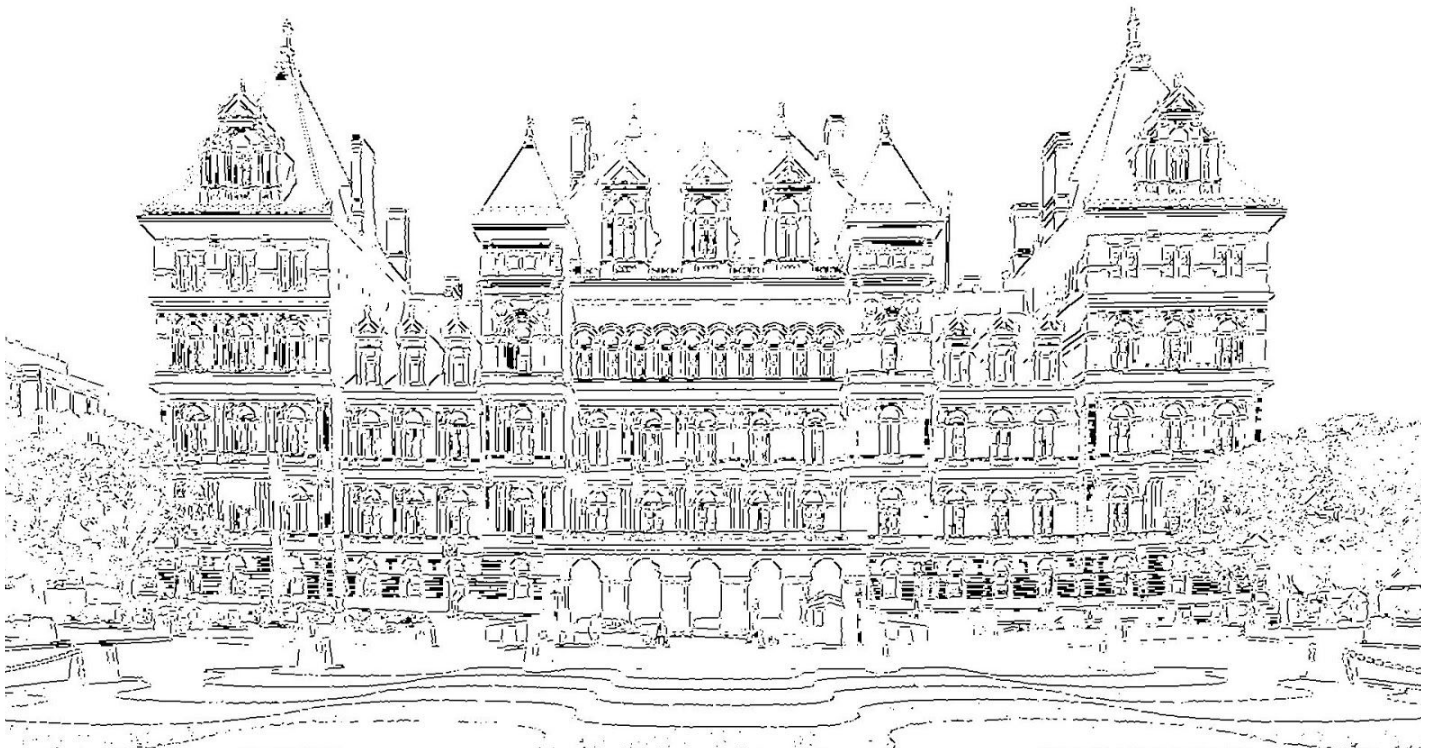




Local 1000 AFSCME, AFL - CIO

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Summary of the 2017-18 Executive Budget Proposal

Executive Summary

Governor Cuomo's 2017-18 Executive Budget proposes \$152.3 billion in all funds spending, a 3.4% increase over 2016-17. The Budget proposes a state workforce of 181,608 full time equivalent employees (FTEs), a reduction of 136 positions through attrition. There are no layoffs proposed in this budget.

Major proposals in the budget of concern to CSEA include:

- ❑ The reintroduction of a proposal that would increase health insurance costs for **future state retirees**. Under the proposed plan, State contributions to the costs of health insurance premiums for retirees would be reduced for state employees that **retiree on or after October 1, 2017**. The proposal would create a tiered system of State contributions based on years of service and paygrade.
- ❑ A lack of investment in the Office for People with Developmental Disabilities (OPWDD), including CSEA's care pilot programs and a failure to address the skyrocketing overtime and a reduction of 253 FTEs.
- ❑ The closure of 240 State-operated beds in the Office of Mental Health and a reduction of 253 FTEs.
- ❑ A proposed local government consolidation scheme that would require every County outside of New York City to prepare a plan for consolidating and eliminating services. The plan would be put to voters in the November 2017 election.
- ❑ Aid and Incentives to Municipalities (AIM) funding for local governments will be held flat, as it has been since 2011-12. The release of these funds to municipalities will only take place if a locality has complied with the Governor's consolidation plan.
- ❑ A three year extension of the Millionaire's Tax would raise the income threshold to \$2,155,350 from the current \$2 million. The proposal would keep in place the "middle class" tax cuts agreed to in the 2016-17 budget.
- ❑ Language that would allow for the transfer of funds by the Division of the Budget with no legislative oversight.

Please visit CSEA's website for updates on the state budget.

State Operations

Retirees

Governor Cuomo has reintroduced a proposal from last year's Executive Budget that would increase health insurance costs for future state retirees.

Under the Governor's proposed plan, the state's contributions to the costs of health insurance premiums would be reduced for state employees that **retiree on or after October 1, 2017** as follows:

Individual Coverage		
Years of Service	Retired at Grade 10 or Above	Retired at Grade 9 or Below
10 - 19	State would pay 50% + 2% for each year after 10, up to a maximum of 68%	State would pay 54% + 2% for each year after 10, up to a maximum of 72%
More than 20	State would pay 74% + 1% for each year after 20, up to a maximum of 84%	State would pay 78% + 1% for each year after 20, maximum of 88%

Family Coverage		
Years of Service	Retired at Grade 10 or Above	Retired at Grade 9 or Below
10 - 19	State would pay 35% + 2% for each year after 10, maximum of 53%	State would pay 39% + 2% for each year after 10, maximum 57%
More than 20	State would pay 59% + 1% for each year after 20, maximum of 69%	State would pay 63% + 1% for each year after 20, maximum of 73%

These provisions **would not apply** to state police, fire, or correctional officers. In addition, this proposal would not apply to any state employee who retires on a disability pension.

CSEA POSITION: OPPOSE.

Further, the Governor once again proposes freezing Medicare Part B premium reimbursements to NYSHIP retirees at their current rates and would end any reimbursement of the increased costs of Part B for high-income retirees.

CSEA POSITION: OPPOSE.

The budget also proposes a new benefit trust fund to cover part of the cost of future healthcare costs for state retirees. The trust would be overseen by the Department of Civil Service, but the Department of Taxation and Finance would invest and manage the funds.

CSEA POSITION: Proposal still under review

State Agency Highlights

Mental Health, Office of (OMH)

The Executive budget proposes \$4.11 billion in funding, an increase of \$107.85 million from last year. While the budget is increased, the Governor calls for a reduction of 353 FTEs.

Budget proposals that impact OMH include:

- ❑ Reducing 240 state-operated beds:
 - ❑ 100 state operated inpatient beds; and
 - ❑ 140 state operated residential beds. These beds will be replaced by 280 community beds operated by not-for-profits.
- ❑ Establishing two additional forensic wards to support increased Sexual Offender Management & Treatment Act (SOMTA) cases.
- ❑ Transforming 85 state operated outpatient clinics. We are currently awaiting more details on this proposal, however, it is expected that the state will move to close some of these facilities.
- ❑ Continuing the transfer of West Seneca Children's Psychiatric Center to Buffalo Psychiatric Center.
- ❑ The revamping of Hutchings Children and Youth Services to allow services to be provided by a hospital in the Syracuse-area. We are currently awaiting more details on this proposal.
- ❑ \$3.5 million to support increased costs at not-for-profit providers associated with the increase in the State's minimum wage.

CSEA POSITION: CSEA opposes all reductions in state operated services in OMH.

People with Developmental Disabilities, Office for (OPWDD)

The Executive budget proposes \$4.49 billion in funding, an increase of \$64.01 million from last year. The budget proposes the elimination of 253 FTEs.

Budget proposals that impact OPWDD include:

- ❑ Continuing with the closure of Bernard Fineson Developmental Center in Queens.
- ❑ \$120 million for OPWDD “program priorities.” These priorities are not specifically detailed.
- ❑ Creating a commission to examine transferring the *Institute for Basic Research in Developmental Disabilities* on Staten Island from OPWDD to the City University of New York.
- ❑ \$14.9 million to support increased costs at not-for-profit providers associated with the increase in the State’s minimum wage.

CSEA POSITION: CSEA will continue to fight for additional funding in the budget to ensure that the state continues to provide and expand the availability of quality services across the state. In addition, we will advocate to fill proposed attritions in order to increase staffing levels and to help alleviate excessive overtime.

Alcoholism and Substance Abuse Services, Office of (OASAS)

The Executive budget proposes a funding level of \$693.3 million, an increase of \$37 million from last year. The budget proposes 741 FTEs, the same as last year.

Budget proposals that impact OASAS include:

- ❑ \$200 million to combat the heroin and opioid crisis, including:
 - ❑ Renovating and modernizing State-operated Addiction Treatment Centers;
 - ❑ Funding for 80 new residential treatment beds (not-for-profit providers); and
 - ❑ Creating recovery high schools for students with substance abuse issues.
- ❑ \$4.6 million to support increased costs at not-for-profit providers associated with the increase in the State’s minimum wage.

CSEA POSITION: CSEA supports investments in State-operated OASAS services.

Children and Family Services, Office of (OCFS)

The Executive budget proposes \$3.85 billion in funding for OCFS. This is a decrease of \$90 million from last year and is mostly attributable to a decrease of \$62 million in the Foster Care Block Grant, \$19 million in Committee on Special Education maintenance, and the reduction in funding for child care facilitated enrollment. The budget would fund 2,965 FTEs, an increase of 11 FTEs. The 11 new employees are expected to be hired in the Human Services Call Center operated by OCFS.

Budget proposals that impact OCFS include:

- ❑ *Raise the Age* - This proposal would raise the age of juvenile jurisdiction from 16 to 17 years old on January 1, 2019 and to 18 years old on January 1, 2020. This means that 16 and 17 year olds would no longer be tried as adults for certain crimes committed. They would receive diversion, probation, and other programming services to keep them out of state facilities.

CSEA POSITION: CSEA supports this proposal if: 1) the state properly funds local probation services that these youths will be receiving; and 2) Youths that are required to be placed in the custody of the state go to secure OCFS facilities.

- ❑ The proposed budget holds funding for child care subsidies at last year's level. In addition, the State proposes no additional funding to implement and comply with new federal child care regulations.

CSEA POSITION: CSEA supports an increase in funding for child care subsidies in order to ensure access for working families in need of care.

Motor Vehicles, Department of (DMV)

The Executive Budget proposes \$342.4 million for the DMV, an increase of \$15.8 million from last year's budget. The budget would fund 2,256 FTEs, an increase of 107. The new staff will be needed to comply with federal REAL ID requirements, and the new responsibilities given to the DMV from an expansion of ridesharing upstate.

Budget proposals that impact DMV include:

- ❑ The proposed expansion of ridesharing to upstate would result in more responsibilities for the DMV as it would be responsible for licensing and overseeing transportation network companies (Uber/Lyft).
- ❑ The Budget also includes a proposal that would require the DMV to collect information necessary for the automatic voter registration of persons involved in DMV transactions. Individuals would be automatically registered unless they opt out.

State University of New York (SUNY)

The Executive Budget proposes \$10.5 billion for SUNY, an increase of \$548.4 million from last year. The budget calls for 44,732 FTEs, unchanged from last year.

Budget proposals that impact SUNY include:

The Excelsior Scholarship

The establishment of the Excelsior Scholarship Program would allow students to attend a SUNY or CUNY school tuition-free if their family makes up to \$125,000. The scholarship would cover the remaining cost of tuition after all other financial aid awards, both federal and state, are applied. Students would be required to take 15 credits to receive the scholarship.

Eligibility for the program would be phased in over three years as follows:

- ❑ 2017-18: Students earning up to \$100,000
- ❑ 2018-19: Students earning up to \$110,000
- ❑ 2019-20: Students earning up to \$125,000

The program is estimated to cost \$163 million annually once fully implemented

Rational Tuition

Under this plan, SUNY and CUNY would be authorized, but not required, to raise tuition by \$250 annually in each of the next five years. The additional revenue would be directed to investments in faculty, instruction, initiatives to improve student success, on-time completion and the existing tuition credit for TAP-eligible students.

Community Colleges

Base aid for SUNY community colleges is maintained at \$2,697 per full-time equivalent student.

CSEA POSITION: Proposals still under review.

Transportation, Department of (DOT)

The Executive Budget proposes \$11.6 billion for DOT, an increase of \$749.2 million from last year. This increase is largely due to construction projects. The budget projects 8,453 FTEs, an increase of 86 from FY2017.

Budget proposals that impact DOT include:

- ❑ Funding for the Consolidated Highway Improvement Program (CHIPS) and Marchiselli program are held flat at \$438.1 million and \$39.7 million, respectively;
- ❑ Allowing for the expansion of ridesharing to upstate (Uber/Lyft);
- ❑ Continuing the \$100 million PAVE NY and BRIDGE NY programs;
- ❑ \$564 million to improve access to JFK airport; and
- ❑ \$600 million for other capital projects, including:
 - ❑ Studying a redesign of I-81 in Syracuse;
 - ❑ Replacing the Scajaquada Expressway in Buffalo;
 - ❑ Replacing the Kosciuszko Bridge in New York City; and
 - ❑ Redesigning the 17/32 Interchange in Woodbury.

Canal Corporation

The Executive Budget proposes allowing shared services between the Canal Corporation, the Department of Transportation (DOT), and the New York Power Authority in emergency situations. This authority had been granted to between DOT and the Thruway Authority in 2015, when the Canal Corporation was a subsidiary of the Thruway.

CSEA POSITION: OPPOSE.

Local Governments

Funding

Aid and Incentives to Municipalities (AIM) funding for local governments will once again be held flat at \$715 million, but would be contingent upon the passage of Governor Cuomo's shared services proposal detailed below. AIM funding has not been increased since 2011-12.

Shared Services Scheme

Governor Cuomo has proposed a program that would attempt to force local governments to share services.

Under the program, the Chief Executive (County Executive, Manager, etc.) of every county outside of New York City would be required to work with the other local governments within the county to develop a plan for "recurring property tax savings."

Examples of what could be included in such a plan include, but are not limited to:

- The elimination of duplicative services;
- Shared services, such as joint purchasing, shared highway equipment, shared storage facilities, shared plowing services, and energy and insurance purchasing cooperatives;
- The reduction of back office administrative overhead; and
- Better coordination of services.

Every Chief Executive would be required to submit their plan to the county legislative body by August 1, 2017. The county legislature would then review the plan and could make changes.

The plan would then be put before the voters at the 2017 General Election in November. If approved, the plan would go into effect by January 1, 2018. If voted down, the Chief Executive would be required to start the process over again and put a new or revised plan before the voters in 2018.

CSEA Position: CSEA strongly opposes this proposal, including tying AIM payments to compliance with it. AIM funding has been held flat since 2011-12, municipalities are dealing with a 0.68% tax cap, and the state has spent tens of millions of dollars to try and coerce municipalities into doing things that they already do: share and streamline services. Further, voters have proven time after time that they value their local services and local control.

Health Care

The Executive budget proposes Medicaid growth of 3.2%, an increase of \$567 million from last year. The budget assumes that federal funding, including funds from the *Affordable Care Act*, will continue as scheduled. However, the Governor proposes dangerous new language that would allow the Director of the Budget to unilaterally reduce funding for state programs if expected federal funds fail to materialize. This proposed language would bypass the legislature completely and would leave all funding reduction decisions entirely up to the Governor.

Department of Health

The budget proposes \$255.4 million to support increased costs at not-for-profit providers associated with the increase in the State's minimum wage.

SUNY Hospitals

The budget proposes \$69 million in subsidies to the three SUNY hospitals (SUNY Upstate, Downstate, and Stony Brook). This is a decrease of \$19 million from the current fiscal year.

CSEA POSITION: OPPOSE.

In addition, a capital appropriation of \$100 million is made for SUNY Upstate and Stony Brook.

CSEA POSITION: SUPPORT.

Roswell Park Cancer Institute

Funding for Roswell Park is held flat in the proposed budget.

CSEA POSITION: CSEA supports the continued state funding of Roswell Park.

Capital Financing

The budget proposes an additional \$500 million in funding for health care facilities to transform themselves in order to merge, affiliate, consolidate, or acquire other facilities.

CSEA POSITION: Proposal still under review.

Health Care Regulation Modernization

The Executive budget proposes a 25 member board, appointed by the Governor, to examine and make recommendations to address health care regulation. In addition, the proposal would allow OMH, DOH, and OASAS to implement demonstration programs that are not yet approved by state law.

CSEA POSITION: CSEA is opposed to allowing demonstration programs unless the program is explicitly authorized by state law. Allowing these types of demonstration projects to begin could lead to programs which have been explicitly and routinely rejected by the legislature, such as for-profit hospitals.

Consolidated Laboratory Project

The budget proposes to consolidate all of DOH's lab functions in the Capital Region (defined in the proposal as Albany, Rensselaer, Schenectady, and Saratoga counties) into one new campus. The project would be completed through the use of a design-build contract.

CSEA POSITION: CSEA opposes the design-build language included in this proposal (see full design-build explanation below). The impact of the consolidation as a whole is still under review.

Prescription Drugs

The Executive Budget proposes measures to limit the cost of prescription drugs. The package of proposals includes establishing price ceilings under Medicaid, creating a surcharge on high priced drugs, and requiring DFS to regulate Pharmacy Benefit Managers.

CSEA POSITION: No position.

Infrastructure

Design-Build

The Executive Budget proposes expanding design-build authorization to all agencies, authorities, and counties outside of New York City, expanding the types of projects where a design-build contract could be used, and making the authorization permanent. Design-build is a method of project delivery where one entity works under a single contract to design and construct a capital asset. Currently, only five state agencies/authorities have the authority to enter into design-build contracts.

CSEA has long held that certain conditions should be met in order for design-build proposals to move forward. These include specifying which projects design-build will be used for and ensuring that projects continue to be publicly operated and maintained.

CSEA POSITION: Oppose. The proposal included in the Executive Budget would grant wide ranging authority for design-build, including for counties, that raises serious concerns for CSEA.

Clean Water

The Governor has proposed \$2 billion over five years for the improvement of water infrastructure. \$400 million will be made available each of the next five years for drinking and wastewater infrastructure, regional water projects, land acquisition, and replacing lead pipes. It could also be used for a study of the consolidation of water systems.

CSEA POSITION: CSEA has a long record of supporting investments in infrastructure across the state. At this time, CSEA is continuing to review this proposal to make sure that the projects financed by this program will continue to be operated by public entities.

Education

School Aid

The Executive Budget proposes a \$961 million increase in education aid, bringing total aid to \$25.61 billion.

Additional proposals include:

- Eliminating the future calculation of Foundation Aid;
- Extending mayoral control of New York City schools until June 30, 2020;
- Eliminating the charter school cap in New York City;
- Establishing an Inspector General to oversee the State Education Department;
- Creating recovery high schools for students with substance abuse issues;
- \$35 million for after school programs; and
- \$150 million for community schools

CSEA POSITION: CSEA supports increased investments in public education.

Libraries

Library funding is proposed at \$91.627 million, \$4 million lower than the 2016-17 level. The budget also cuts \$5 million from library construction aid.

CSEA POSITION: CSEA supports restoring these funding cuts.

Revenue / Taxes

Millionaire's Tax

The “Millionaire’s Tax” refers to the Personal Income Tax surcharge applied to the highest-earning New Yorkers. That tax rate, currently 8.82% for taxpayers earning over \$2 million, is set to expire at the end of 2017.

The Executive Budget would extend the Millionaire’s Tax for an additional three years, but would raise the income threshold to \$2,155,350 from the current \$2 million. The proposal would keep in place the “middle class” tax cuts agreed to in the 2016-17 budget.

CSEA POSITION: CSEA supports a true Millionaire’s Tax with a more progressive structure than the one proposed.

STAR Benefit Freeze

The Executive Budget would freeze tax benefits under the School Tax Relief Program (STAR) to the level of benefits received during the 2016-17 school year.

Economic Development

START-UP NY

START-UP NY is a program that allows businesses that move into designated tax-free areas to receive a slate of tax benefits for up to ten years. This includes sales, property, and business taxes, and exempting employees from paying state income taxes.

Governor Cuomo has proposed rebranding the START-UP New York program as the “Excelsior Business Program” and to make it easier for business to receive tax benefits under the program.

The proposed rules would require that only one job to be created over five years in order for a business to be eligible for START-UP benefits rather than annual job creation targets. Businesses that create five jobs would be eligible for even more tax benefits through the Empire Jobs program.

CSEA POSITION: CSEA opposes START-UP NY, no matter what name it goes by. The program is fundamentally unfair and has failed to create jobs.

Other economic development proposals include:

- ❑ \$700 million for the redesign of the James A. Farley Post Office in New York City;
- ❑ \$450 million for “Life Science” initiatives;
- ❑ \$400 million for Phase II of the “Buffalo Billion”;
- ❑ \$207.5 million for the Strategic Projects Program;
- ❑ \$203 million for disaster preparedness;
- ❑ \$199 million for New York Works capital projects;
- ❑ \$150 million for another round of the Regional Economic Development Councils (REDC);
- ❑ \$108 million for the redevelopment of the Kingsbridge Armory; and
- ❑ \$100 million for another round of the Downtown Revitalization Initiative.

CSEA POSITION: “Economic development” funds should be used in ways that actually benefit the people of New York. It is unclear if these expenditures will do that, but CSEA takes no position on them at this time.

Ethics and Elections

The Executive Budget proposes a series of ethics proposals aimed at the state legislature. These proposals aim to:

- ❑ Require the disclosure of a collective bargaining agreement before they are acted on by union members;
- ❑ Establish an outside income cap for legislators of 15% of their base legislative salary (constitutional amendment) and requiring an advisory opinion for outside income;
- ❑ Establish same-day voter registration (constitutional amendment);
- ❑ Establish four-year legislative terms and eight year term limits for legislative and statewide offices (constitutional amendment);
- ❑ Close the LLC loophole that allows LLCs to make political contributions at the higher individual rate rather than the lower corporate rate;
- ❑ Establish taxpayer-funded campaign financing;
- ❑ Require local officials (elected officials earning more than \$50,000) to file financial disclosure forms with the Joint Commission on Public Ethics (JCOPE)
- ❑ Subject the legislature to the Freedom of Information Law; and
- ❑ Allow for early voting.

CSEA POSITION: CSEA strongly opposes the disclosure of collective bargaining agreements before they are voted on, and opposes using taxpayer dollars to finance political campaigns.

Procurement / Oversight

The Executive Budget includes a host of procurement reforms and the creation and/or expansion of oversight powers within state agencies and local governments, which would:

- ❑ Establish an Inspector General within the State Education Department;
- ❑ Expand Inspector General authority to affiliated entities of SUNY/CUNY;
- ❑ Establish a Chief Procurement Officer; and
- ❑ Require tax clearances for new state employees and, at local option, for new local government employees to verify that these new public employees are in compliance with their tax obligations.

CSEA POSITION: Oppose. These proposals put more power into the hands of the Executive. The State Comptroller and the State Attorney General used to have oversight over state procurements and other functions. CSEA supports the restoration of these powers to the Comptroller and Attorney General.

Other Issues

Buy American

The Executive Budget proposes to require all state agencies and public authorities to give preference to products made in America for all contracts and procurements over \$100,000.

CSEA POSITION: SUPPORT.

Expand Ridesharing Upstate

The Executive Budget proposes allowing the expansion of ridesharing (Uber/Lyft) companies to upstate. Currently, these companies can only operate in New York City.

CSEA POSITION: NO POSITION.