

The Governor released his budget proposal this week in the face of a continuing COVID-19 crisis and diminished state tax revenue. His budget presumes that the state will receive only \$6 billion in federal aid to help offset the loss of tax revenue the state has faced during the COVID-19 pandemic. However, if the State is able to get more funding from the federal government, many of the problematic cuts he makes, which we discuss below, can be averted.

The budget has been out for 24 hours and continues to be reviewed for additional details.

### State Operations

The budget does not propose any layoffs of state employees. However, it does expect a state workforce reduction of 830 via attrition from 3/31/21 to 3/31/22, mostly from the closure of additional correctional facilities. The budget proposes several state agency and office mergers including: Combining the Office of Mental Health and the Office of Alcohol and Substance Abuse Services (OASAS) into the Office of Addiction and Mental Health Services; moving the Institute for Behavioral Research, currently located in OPWDD, into the NY Psychiatric Institute, which falls under OMH; moving the Gaming Inspector General into the State Inspector General; transferring the Lake George Commission into the Department of Environmental Conservation; and the creation of the Office of Cannabis Management under the Division of Alcoholic Beverage Control.

Within the Office of Children and Family Services, they plan on closing 4 OCFS youth detention facilities: Brentwood Residential (Suffolk County); Red Hook Residential Center (Dutchess County); Columbia Girls Secure (Columbia County); Goshen Secure (Orange County). They only provide 6-months of notice (rather than the legally required 1-year) and will close these facilities on 10/1/2021. In addition, OCFS will consolidate various satellite Community Multi-Services Offices (CMSOs) in different parts of the state. All New York City CMSOs will be merged into Brooklyn; Watertown will merge with Utica and Binghamton will Merge with Syracuse.

In addition to the merger with OASAS, the budget authorizes OMH to implement significant service reductions. We know that Rockland Children's Psychiatric Center is impacted but are not clear on the details as of now.

The Office for People With Developmental Disabilities would begin to actively managing residential programs to give individuals the ability to live in settings most appropriate for them. They will offer individuals who are new to OPWDD the most integrated setting possible and use state-operated facilities to support those who are currently living in inappropriate settings and have the most intense needs.

While there are no proposed prison closures in the budget, the budget proposes to allow for prisons to be closed with only 90-days notice, instead of the legally required one-year notice. There is no limit on the number of prisons that can be closed this way, and the authorization lasts until March 31, 2023.

Within the Unified Court System, the Executive Budget proposes to allow for virtual arraignments statewide. Currently, this practice is limited to certain counties.

SUNY will be receive a cut of 5% for all campuses but will be allowed to increase tuition rates by various amounts on different campuses. Community colleges will also receive a cut of \$35 million

Legislation is included within the budget to increase protections for highway workers. This includes increased penalties for assaulting a highway worker, motor vehicle inspector / motor carrier investigator, or an employee of the DMV or a county clerk performing motor transactions on behalf of such department.

### Local Governments

The Executive Budget proposes to eliminate state AIM payments to towns and villages. In addition, AIM payments to cities will be reduced by between 2.5% and 20%, depending on the city's dependence on AIM funding. In addition, Video Lottery Terminal (VLT) aid is eliminated for every municipality except for the City of Yonkers but the aid for Yonkers is reduced by 5%. These cuts add up to \$53m+ in state support to local governments

### Schools

For schools, the budget proposes a \$2.1 billion increase from last year, largely due to increased federal support. State support decreases by \$607 million. However, the budget reduces funding for Library Aid from \$94,127,000 to \$87,046,000.

### Revenue

The budget does include new revenue raisers. This includes a new surcharge on incomes over \$5 million for tax years 2021-23, ranging from 0.5% up to 2%, depending on income. The Governor estimates this provision will raise \$1.5 billion in FY22, \$1.4 billion in FY23, \$1.2 billion in FY24, and \$367 million in FY25.

In addition, there would be a new \$1 per transaction fee for all DMV transactions in order to fund technology upgrades.

The budget also includes the legalization of adult-use cannabis (\$350 million in new revenue), and mobile sports bettering (\$500 million).

Lastly, the Governor proposes to allow bidding for the remaining 3 casino licenses that are not yet in use. When the previous casino licenses were bid out several years ago the state held back 3 of them that covered New York City (with the exception of Manhattan) and the suburbs. The budget will allow these to be put out for bid and raise additional revenue.

### Retiree Issues

The budget contains several proposals that we have seen previously regarding retirees. These includes stopping the reimbursement for the Medicare Income-Related Monthly Adjustment Amount (IRMAA) for NYSHIP retirees, capping the Medicare Part B reimbursement at this years level (\$148.50), and creating a new sliding scale for retiree health insurance premium costs for state workers.

### Child Care

The budget maintains funding for child care subsidies at last years levels but does provide for funding to cap co-pays for subsidy families to no more than 20% of income and include \$6 million for start-up grants to create programs in child care deserts and wage supports for programs located in existing deserts

### Other Items

The budget would grant all employees, in both the public and private sector, time off to receive a COVID-19 vaccine. Employees will be allowed 4 hours for each shot needed. So if a person needs two shots, they will be allowed 4 hours per shot. The employer is authorized to ask for documentation that the employee is eligible to receive a vaccine at that time.