



THE LEGISLATURE  
STATE OF NEW YORK  
ALBANY

February 8, 2010

The Honorable David A. Paterson  
Governor  
State of New York  
Executive Chamber, State Capitol  
Albany, New York 12224

Dear Governor Paterson:

The Legislature is committed to engaging you in meaningful negotiations on the 2010-11 state budget and to working with you to address the significant challenges facing the State of New York. Unfortunately, the Executive Budget, in which you weave policy decisions into appropriations, reverts to a practice that impedes decision making, thwarts shared input into the operation of state government, poisons the political atmosphere in New York, and produces predictably and embarrassingly late state budgets.

In the Fall of 2006, New Yorkers voted for change. The Executive submissions that followed were in line with the constitutional vision of a budget that represents the collective knowledge and expertise of both the Executive and Legislative branches. It is a process that has yielded three consecutive on-time budgets. It is a process that should not be abandoned.

In order to facilitate discussions, which we believe can and should result in a timely and responsible 2010-11 state budget, we respectfully request that you separately propose amendments to existing law and resubmit your appropriations in the areas of education, higher education, health care and public assistance, all of which are specifically identified in the attachment. These appropriations constitute the largest and most important segment of the state budget, and comprise the most critical decisions government makes regarding the quality of life of the citizens which we serve together.

We can and we must deliver a 2010-11 state budget that is both responsible and timely, and we must do this critical work together.

Sincerely,

A handwritten signature in black ink, appearing to read "Sheldon Silver".

SHELDON SILVER  
Speaker, New York State Assembly

Attachment

A handwritten signature in black ink, appearing to read "John L. Sampson".

JOHN L. SAMPSON  
Conference Leader, New York State Senate

## **SUMMARY OF APPROPRIATIONS IMPACTED**

<b>I. School Aid</b>	<b>\$17.18 Billion</b>
<b>II. Higher Education</b>	<b>\$903 Million</b>
<b>III. Health</b>	<b>\$34.63 Billion</b>
<b>IV. Human Services</b>	<b>\$1.94 Billion</b>
<b>TOTAL</b>	<b>\$54.65 Billion</b>

## DETAIL OF APPROPRIATIONS IMPACTED

### *I. School Aid- \$17.18 Billion in appropriations impacted*

**Gap Elimination Adjustment (GEA)** - A.9703/S.6603-Page 50, line 31 -p.54 line22, The Executive proposal makes changes relating to the School Aid formula resulting in the application of a Gap Elimination Adjustment (GEA) resulting in an overall reduction of \$2.1 billion and a net reduction of \$1.412 Billion in aid to Schools in 2009-10 after accounting for the use of temporary Federal Stimulus funds.

**4408 programs:** A.9703/S.6603- p.66line 53 - p.67, line34. – The Executive proposal makes changes in relation to funding for summer programs for disabled children. Specifically, the Executive includes language within this appropriation that provides for a restructuring of reimbursement to school districts resulting in a cost shift for this program on to school districts.

**Extended Day Program:** A.9703/S.6603- Page 68, line59 - page 69, line 6. The Executive proposal includes language in the appropriation to references Sect 2814 of Ed law and to clarify that Not For Profits may receive funds in collaboration with districts.

**Health education program:** A.9703/S.6603- P 68 lines 46-58-The Executive proposal provides that a portion of the monies appropriated shall be allocated to Kaleida Health in Buffalo.

**Math Science High Schools:** A.9703/S.6603- p. 75, lines30 -37. The Executive proposal includes language in the appropriation bill that requires that funding will be allocated equally to the three recipients that received funding in 2008-09.

**Distribution of Federal Funding for Disabled programs:** A.9703/S.6603- p. 91, line 48 - p.93, line 56- The Executive proposal includes language in the appropriation that relates to authorization of the sub-allocations for a variety funding for Federal Programs for disabled services. Specifically, the Executive proposal added new distribution language to clarify the distribution of financial support for salaries of teachers serving in schools for the disabled.

**Sub-allocation Language:** A.9703/S.6603 p 54, 62, 63- The Executive proposal includes language authorizing sub-allocation of funding to agencies other than the State Education Department for 3 new instances: in the appropriation for the remaining portion of the 2009-10 School Year (Tail Appropriation). P. 54, line 34-46; Teachers of Tomorrow, p, 62, line 38-50, and Supplemental Improvement Grants, p 63,, line 4-16.

## ***II. Higher Education- \$903 Million in appropriations impacted***

**Tuition Assistance Program (TAP):** A.9703/S.6603 p. 404 line 19 through page 430, line 47- The Executive includes language within four appropriations for the Tuition Assistance Program (TAP) to effectuate the Governor's proposed reductions to student's TAP awards. This includes proposals for the following: decreasing the maximum TAP awards for students attending two-year colleges from \$5,000 to \$4,000; reducing all TAP awards by \$75; clarifying that both public and private pension income will be considered for the determination of TAP eligibility; increasing the required academic standards qualifications for non-remedial students; eliminating TAP awards for graduate students; denying TAP awards to student in default on all state and federal student loans; and reducing the maximum TAP awards for financially independent students who are married and without children.

## ***III. Health- \$34.63 Billion in appropriations impacted***

**Early Intervention (EI) Program:** A.9704/S.6604-page 27, line 32 through page 29, line 17- The Executive proposal includes language that would implement proposed budget actions to require providers delivering services in excess of \$500,000 to bill Medicaid directly for services and to require private insurers to provide coverage for EI services which are not presently required.

**Elderly Pharmaceutical Insurance (EPIC) program:** A.9704/S.6604-page 48, line 37 through page 51, line 50- The Executive proposal includes language that would implement various proposed budget actions, including the elimination of "wraparound" coverage provided by the EPIC program for drugs denied by Medicare Part D and the mandatory enrollment of Medicaid Advantage enrollees in Part D. The language in the Executive proposal would require individuals to enroll in Part D without regard to the prospect of possible increased financial liabilities.

**Medicaid Program – General Fund/Federal Funds:** A.9704/S.6604-page 67, line 30 through page 99, line 12- The Executive proposal includes language that would implement various proposed budget reductions including: the elimination of trend factor payments across all sectors (hospitals, nursing homes, home/personal care providers); reduce Indirect Graduate Medical Education (IME) payments to hospitals and re-allocate the percentage point reduction to obstetrical services, the Statewide Base Rate and the Doctors Across New York Program; and establish a new program to reduce payments to hospitals with high rates of preventable readmissions and re-allocates payment to hospitals that meet certain re-admission benchmarks.

**Medicaid Program – Indigent Care:** A.9704/S.6604-page 100, line 48 through page 102, line 48- The Executive proposal includes language that would redistribute funding under the Hospital Indigent Care Program pursuant to a new formula that would be based upon a hospitals' total uncompensated need. This language would establish new State reimbursement levels for uncompensated care.

**IV. Human Services- \$1.94 Billion in appropriations impacted**

**Stretching out the Phase-in of the Public Assistance Grant Increase enacted in 2009-10:**

A.9703/S. 6603 - page 284, line 57 through page 285, line 45 - The Executive proposal includes language in the appropriation that provides for a reduction in the calculation of the standard monthly need which essentially provides for the 5 percent reduction in the proposed 10 percent increase of the public assistance grant that was to have taken effect on July 1, 2010.

**Increasing the Local Spending Requirements for Federal Title XX allotment:** A.9703/S. 6603 - page 180, line 8- The Executive proposal includes language in the appropriation that raises the amount that local districts must spend on adult protective and domestic violence programs from their title xx funding from \$66 million to the full federal Title XX allotment-- \$102,751.000.

**Withholding of Social Services Payments:** A.9703/S. 6603- p. 155, 158-59, 164, 170-71-The Executive has Article VII language to authorize the OCFS to withhold payments due to the local social services districts in order to offset youth facility payments due the State that are over sixty days in arrears. Language to effectuate this proposal is found in the Appropriation bill in appropriations for Child Welfare (pages 158-159, lines 54-61,1-11), Foster Care (page 155, lines 38-56), Adoption Subsidies (p.164,lines1-19) and Detention (pp. 170-171,lines 60-61,1-17).

**Intensive Case Services appropriation:** A.9703/S. 6603- pg 300, line 55 to page 301, line 3 - The language in the past has provided for an allocation methodology based upon the number of cases in the local social service district that are not in compliance with Federal work participation rules. The 10-11 Executive budget changes the allocation methodology so that it is established by the Commissioner of OTDA and approved by the Director of the Budget and shall consider the number of cases that are not in compliance.