



Memo

TO: State Senators and Assemblymembers
DATE: February 10, 2011
RE: *SFY 2011-12 Budget Priorities of the Public Employees Federation*

PEF asks the Legislature to modify the Governor's budget in these areas:

State Workers - Salary and Benefits

Salary and Benefit Cuts - The Governor proposes to impose through the budget a cut of \$450 million in the salary and benefits of state workers. The Governor proposes to achieve this by negotiating modifications to labor contracts. State agencies' budgets have been reduced by \$450 million to reflect this proposal even though no negotiated agreement has been reached.

Layoffs- the Governor plans to lay off 9800 state workers unless unions agree to pay and benefit cuts equal to \$450 million. In addition, thousands of other layoffs could occur because of specific cuts to state agencies.

PEF Position: The legislature should urge the Governor to enter negotiations in good faith, and to stop threatening the jobs of workers. The workers did not cause this budget deficit.

Cuts to services for children, health care and public safety & facility closures

Office of Mental Health (OMH) - The Governor proposes to close or downsize OMH inpatient facilities and other mental health services. Closures have the potential to deprive the mentally ill of access to care and place the mentally ill far from their families. Long waiting lists for state hospital beds creates backlogs in local hospitals resulting in the overuse of emergency rooms for mental health care, increasing the waiting time for medical emergency cases. No information is provided in the budget about which facilities will be closed or downsized or how many employees will be laid off. Language is proposed to repeal the current law that requires twelve months notice and a community planning process before closing a state facility.

PEF Position- PEF opposes these closures. The legislature should reject the attempt to repeal the 12 month notice law. Amend S2809/A4009 by deleting part G. The legislature should demand that the Governor withdraw language in appropriation bill S2800/A4000 that authorizes closures without notice.

Department of Correctional Services (DOCS) – The Governor proposes to close or downsize several correctional facilities reducing DOCS capacity by 3,500 beds. The budget does not identify which facilities will be cut or how many workers will be laid off. Language is proposed

to repeal the current law that requires twelve months notice and a community planning process before closing a state facility.

PEF Position: PEF is opposed to these proposed closures. Currently DOCS has thousands of double bunks in medium security facilities, many of which were not constructed to accommodate double-bunks. DOCS is also using a large number of temporary beds in their facilities. In addition, minimum and medium security beds should be more widely used to transition inmates out of maximum security facilities and into our communities. Closing these facilities may lead to future capacity shortages and hazardous situations such as increased double-bunking. These closures will have a serious negative impact on workers, their families and their communities. In many cases in order to keep a job employees will have to relocate hundreds of miles away from their current homes which could involve relocating their entire families. The legislature should restore the funds necessary to keep these facilities open this fiscal year. The legislature should reject the attempt to repeal the 12 month notice law. Amend S2807/A4007 by deleting part C. The legislature should demand that the Governor withdraw language in appropriation bill S2800/A4000 that authorizes closures without notice.

Office of Children and Family Services (OCFS) – The Governor proposes to close or downsize several juvenile justice facilities reducing OCFS capacity by 376 beds. The budget does not identify which facilities will be cut or how many workers will be laid off. Language is proposed to repeal the current law that requires twelve months notice and a community planning process before closing a state facility.

PEF Position: PEF is opposed to these proposed closures. In some cases, this may result in young people being placed in privately operated programs that are not really able to address their needs, leading to greater recidivism and often to higher costs. One-third of youth placed by OCFS in private facilities fail in these placements and are transferred to OCFS facilities. These closures will have a serious negative impact on workers, their families and their communities. The Legislature should restore \$22 million to keep these facilities open and avoid employee layoffs. The legislature should reject the attempt to repeal the 12 month notice law. Amend S2808/A4008 by deleting part Q. The legislature should demand that the Governor withdraw language in appropriation bill S2800/A4000 that authorizes closures without notice.

State University of New York (SUNY) - The Governor proposes language to alter the relationship between SUNY and the State government by giving SUNY greater authority to enter into contracts and leases and to buy and sell real estate and enter into “public-private partnerships” without prior review by the Comptroller, Attorney General or the Legislature.

PEF Position: PEF opposes this “flexibility” language as it relates to contracts for services and public-private partnerships. It goes too far in removing oversight and accountability. The review of contracts for services by oversight agencies like the Comptroller and Attorney General exists for a good reason- to make sure that the public interest is protected. The proposed language is so broad it could lead to unanticipated results that could alter SUNY’s operation without real public input. For example, parts of SUNY campuses could be leased out to private operators, or SUNY professional employees could be replaced by contractors. SUNY has never demonstrated the need for this proposal. The legislature should amend S2808/A4008 by deleting Part D. A more limited version of flexibility for SUNY should be considered.

SUNY Hospitals- The budget cuts \$154 million by eliminating **all** state support for three SUNY hospitals in Syracuse, Stonybrook and Brooklyn. This cut would be in addition to cuts in Medicaid funding that will affect all hospitals. This will have a very negative effect on the quality of health care and will cause layoffs of nurses and other hospital workers.

PEF Position- The legislature should restore these funds and continue state support for the SUNY hospitals. Medical education is an essential part of SUNY's mission and is a major economic asset to our state. These hospitals are critical to their communities.

Economic Development - The Executive Budget proposes to merge the Foundation for Science, Technology and Innovation (NYSTAR) into the Empire State Development Corporation (ESDC). All 23 current NYSTAR employees will be laid off, so this "merger" in effect abolishes NYSTAR. PEF represents professional employees in NYSTAR. We do not represent any employees in ESDC, which is a public authority. ESDC employees are not civil servants.

PEF Position - PEF opposes the elimination of NYSTAR, which performs an important mission. The work of professional civil servants should not be shifted to an authority like ESDC which operates in the shadows. Amend S2812/A4012 by deleting part D and restore funding of NYSTAR operations.

Consolidation of state agencies- the Governor proposes to merge several state agencies to improve efficiency (S2812/A4012). Part A – Merge the operations of the Department of Insurance, the Banking Department and the consumer financial protection programs of the Consumer Protection Board into the Department of Financial Regulation. Part B – Merge the operations of the Office for the Prevention of Domestic Violence, Office of Victim Services, and the State Commission of Correction into the Division of Criminal Justice Services. Part C – Merge the Department of Correctional Services and the Division of Parole into the new Department of Corrections and Community Supervision.

PEF Position - If the merger of Parole into the new Department of Corrections and Community Supervision is approved, the language needs to be modified to continue the Parole Board's power to make decisions about the conditions of parole supervision, revocations, release of parole violators, certificates of relief and certificates of good conduct. This bill transfers those powers to the administration of the new Department. Removing these powers from the Parole Board further removes parole officers from decisions that enable them to properly supervise parolees. In addition, capacity concerns at prison facilities could improperly impact revocation decisions affecting parolees. If the Parole Board is to remain a truly independent body with the new Department they should maintain their current powers. Amend S2812/A4012 Part C sections 32, 33 and 34 to reject these changes.

PEF has no further objections to these mergers except for the elimination of NYSTAR (Part D, which should be deleted). Language should be added to Part A of S2812/A4012 to provide for the transfer of employees of the Consumer Protection Board with civil service and union rights unchanged.

Bill for gubernatorial plan to reorganize state government- the Governor also proposes legislation that authorizes him to develop a plan for the abolition, consolidation or reorganization

of any state agency, public authority or other state body. The plan would be submitted to the legislature and would not take effect unless approved by a concurrent resolution.

PEF position: PEF supports consolidation of agencies to improve efficiency. PEF strongly supports the abolition of public authorities by consolidating their operations into state agencies. But this bill fails to deal straightforwardly with this problem. The Governor should simply come forward with proposals to consolidate agencies, put them in bill form and let them be debated in public and considered on their merits. We don't need more secretive commissions packed with wealthy special interests- we need concrete proposals for action. **Reject S2813/A4013; insist on a bill to reduce duplication and inefficiency by consolidating public authorities into state agencies.**

BUDGET SOLUTIONS WE CAN BE PROUD OF. BETTER WAYS TO CUT COSTS AND CREATE JOBS AND A BETTER NEW YORK FOR ALL.

Stop the tax cuts for the wealthy- The temporary increase in tax rates for high income taxpayers that was adopted in 2009 is due to expire at the end of 2011. This will decrease revenue by \$1 billion this fiscal year and \$5 billion next year. It would be irresponsible to give a massive tax cut to wealthy taxpayers while laying off thousands of workers, cutting education, health care and important public services. The increased tax rate should be made permanent or at least extended until the economy recovers. **This will add revenue of \$1 billion this year and \$5 billion next year.**

Cut consultant use by state agencies. Multiple studies have shown that the state could save money by doing certain types of work with its own workers instead of using costly consultants. The Executive budget itself says that recent information technology insourcing has resulted in savings of \$25,000 to \$50,000 per position. **Cost savings \$280 million annually.**

Reduce overtime- reduce state worker overtime by 60 percent through better management and hiring entry level workers. Cost savings **\$34 million** annually.

Allow wine sales in grocery stores- new revenue **\$93 million.**

Cut corporate welfare- special tax breaks allow big corporations and real estate developers to avoid paying their fair share of taxes. In times like these, shouldn't these loopholes be on the table too? Cost savings **\$1.3 billion annually** if corporate tax breaks are reduced to fiscal year 2000 spending levels.

Cut public authorities- the Governor's budget ignores the part of government where billions of public dollars are spent with little accountability- public authorities reported expenditures last year of \$44 billion! By eliminating authorities or combining them with state agencies, a 10% reduction in costs similar to the cuts proposed to state agencies would save **\$4.4 billion** .

Workplace injury reduction- a comprehensive initiative to reduce state worker injuries by 20 percent could save **\$45 million** annually.

Total cost savings and added revenue above: \$7.152 billion