



This Week in New York

Covering New York State and City Government

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In the News – New York State

YOU GOT ANY BETTER SUGGESTIONS?!

-- Richard Dreyfuss as Hooper in Jaws as he is about to get into the shark cage

Seemingly grasping at straws, Governor David Paterson desperately tried all week to light a fire under the smoldering budget negotiations. He suggested the Legislature begin working five-day session weeks. He suggested the Legislature try to pass his Executive budget. He suggested the Legislature furlough nonessential state employees until the budget is completed. Anything to disrupt “peoples’ schedules” and cause some action.

Then Governor Paterson opened up the debate to the people with the launch of the *Straight Talk, Straight Answers* blog where the Governor and senior administration officials will respond directly to the questions, concerns, and suggestions. Earlier this month, the Governor announced the interactive web feature *Straight Talk from the Taxpayer* which allows taxpayers to submit, discuss, and vote on their own ideas to cut government spending, streamline government operations, and provide property tax relief. In the two weeks since this feature became active, 305 ideas were submitted, 765 comments have been posted, over 20,000 votes have been cast, and 1,267 individuals have signed up to use this feature. The Governor's new blog, *Straight Talk, Straight Answers*, was set up to respond to taxpayer input and to inform taxpayers about progress made to implement their ideas.

At time of publication, three entries were posted: one calling for the development of natural gas in the Southern Tier, one suggesting the elimination of state official vehicles, and one suggesting an end to the re-employment of state retirees.

In terms of his own suggestions, Governor Paterson proposed \$620 million in additional savings actions which could be implemented in conjunction with his Executive budget. Major components of the Governor’s plan include:

Spending Reductions (2010-11 Savings: \$224 million; 2011-12 Savings: \$128 million):

- ▶ Reduce Member Item Deposit (2010-11 Savings: \$50 million): The 2010-11 Budget deposit into the member item accounts would be reduced by \$50 million. The reduction would be split proportionately across the Governor’s and the Legislative accounts.
- ▶ Reconcile 2009 Medicaid Inflationary Rate Increases (2010-11 Savings: \$42 million): Current statute requires the State to reduce hospital, nursing home, home and personal care rates to reflect final 2009 CPI minus one percent for the period January through March 2009. The 2009 CPI was finalized at the end of February 2010 at a negative 0.4 percent, which would result in a 1.4 percent reduction to provider rates. This recovery will result in \$42 million in one-time 2010-11 Medicaid savings.

- ▶ *Eliminate Reimbursement for Timothy's Law* (2010-11 Savings: \$40 million; 2011-12 Savings: \$50 million): The remaining Timothy's Law subsidy – paid directly to insurance companies and valued at approximately \$30 per person annually for 1.6 million individuals – would be eliminated.
- ▶ *Eliminate New Technology Seed Fund* (2010-11 Savings: \$25 million): Funding for the New Technology Seed Fund, which the 2010-11 Executive Budget proposed creating, would be eliminated.
- ▶ *Amortization of Judiciary Pension Costs* (2010-11 Savings: \$25 million; 2011-12 Savings: \$25 million): Assumes the Judiciary will participate in the Executive Budget proposal to amortize pension costs.
- ▶ *Reduce Comprehensive Attendance Program* (2010-11 Savings: \$14 million; 2011-12 Savings: \$14 million): Annual reimbursement to nonpublic schools for the costs of the CAP program would be reduced to \$14.5 million. Nonpublic schools would continue to receive \$95 million in aid for mandated services, including traditional attendance-taking as well as other mandated activities.
- ▶ *Reduce Council on the Arts Grant Funding* (2010-11 Savings: \$10 million; 2011-12 Savings: \$10 million): The New York State Council on the Arts awards approximately 2,300 grants per year to not-for-profit arts and cultural organizations through a competitive application process. After this reduction, \$25.2 million would be provided for these grants in 2010-11.
- ▶ *Reduce Tuition Assistance Program (TAP) for Religious Institutions* (2010-11 Savings: \$6 million; 2011-12 Savings: \$9 million): The 2010-11 Executive Budget proposed to lift the statutory prohibition against providing TAP to otherwise income-eligible students at certain specialized faith-based institutions that primarily offer religious instruction or train members of the clergy. This change would continue to authorize these students to receive TAP, but at an award level that is 50 percent of the regular TAP schedule.
- ▶ *Reduce DOH Tobacco Prevention Program* (2010-11 Savings: \$5 million; 2011-12 Savings: \$5 million): This proposal would reduce funding for the Tobacco Prevention Program from \$57 million to \$52 million. The program supports a variety of tobacco use prevention/cessation initiatives.
- ▶ *Delay State Capitol Roof Project* (2010-11 Savings: \$4 million; 2011-12 Savings: \$10 million): The Office of General Services has reevaluated the State Capitol roof rehabilitation project and plans to focus on the completion of the roof of the North Tower, with remaining phases of the project being deferred.
- ▶ *Reduce Teachers of Tomorrow* (2010-11 Savings: \$3 million; 2011-12 Savings: \$5 million): Funding for Teachers of Tomorrow program would be reduced by \$5 million in the 2010-11 school year.

Cuts Identified by the Legislature (2010-11 Savings: \$100 million; 2011-12 Savings: \$80 million):

- ▶ *Additional Federal Medicaid Funding* (2010-11 Savings: \$25 million; 2011-12 Savings: \$25 million): The State will realize \$25 million in savings in addition to the \$1.06 billion 2010-11 benefit assumed in the Financial Plan from the extension for Medicaid spending.
- ▶ *Reduce NYSHELPS to Reflect Updated Implementation Schedule* (2010-11 Savings: \$19 million): As result of a more gradual implementation schedule, the full amount of State funds required to launch the program were less than originally projected. NYHELPS will make available \$95 million of low-cost fixed rate loans for the 2010-11 academic year.
- ▶ *Reduce NYSTAR Innovation Economy Matching Grants Program* (2010-11 Savings: \$19 million. 2011-12 Savings: \$18 million): The Executive Budget recommended a \$100 million appropriation to support a 10 percent State match to any New York-based research institution that successfully receives Federal research awards financed through the American Recovery and Reinvestment Act (ARRA). The original \$100 million program would be reduced to \$29.5 million, which would provide NYSTAR adequate funding for those projects requiring a State match as a pre-condition for the ARRA award.
- ▶ *Judiciary Budget Reduction* (2010-11 Savings: \$18 million; 2011-12 Savings: \$18 million): General Fund support for the Judiciary would be reduced by \$18 million.
- ▶ *OMRDD Additional Community Services Program Cut* (2010-11 Savings: \$5 million; 2011-12 Savings: \$5 million): This action reflects further delays in developing planned not-for-profit-operated residential and/or day services opportunities in the community.
- ▶ *OASAS Additional Community Treatment Program Cut* (2010-11 Savings: \$3 million; 2011-12 Savings: \$3 million): Funding would be reduced for not-for-profit-operated chemical dependence and problem gambling outpatient treatment programs.
- ▶ *OMH Additional Adult Services Program Cut* (2010-11 Savings: \$3 million; 2011-12 Savings: \$3 million): This action reflects further delays in residential development.
- ▶ *OMH Reduce Personalized Recovery Oriented Services* (PROS) (2010-11 Savings: \$2 million; 2011-12 Savings: \$2 million): This action reflects slowing the conversion of Continuing Day Treatment programs to PROS programs.
- ▶ *Eliminate the Smart Scholars Program* (2010-11 Savings: \$2 million; 2011-12 Savings: \$2 million): State funding for the Smart Scholars Program would be eliminated.
- ▶ *Eliminate the Hoyt Children and Family Trust Fund* (2010-11 Savings: \$1 million; 2011-12 Savings: \$1 million): State support for this fund would be eliminated in order to focus limited resources on addressing immediate situations of abuse and family violence.
- ▶ *Reduce Local Social Service District Training Funds* (2010-11 Savings: \$1 million; 2011-12 Savings: \$1 million): State reimbursement to local social services districts for training costs would be reduced.

- ▶ Reduce State Support for the Olympic Regional Development Authority (ORDA) (2010-11 Savings: \$1 million; 2011-12 Savings: \$1 million): State support for ORDA would be reduced to \$5.6 million.
- ▶ Reduce Reimbursement for Local Social Service District Administrative Costs (2010-11 Savings: \$1 million; 2011-12 Savings: \$1 million): As of March 31, 2010, only New York City has a liability. The proposed reduction would delay by six years the date at which the liability is fully reimbursed, from 2042 to 2048.

Revenue Actions (2010-11 Savings: \$211 million; 2011-12 Savings: \$766 million):

- ▶ Disallow 50 Percent of Business-Related Tax Credit Claims (2010-11 Savings: \$100 million; 2011-12 Savings: \$650 million): The amount of otherwise usable or refundable business-related tax credits for which taxpayers could apply would be reduced by 50 percent in tax years 2010-2012.
- ▶ Tobacco Products/Snuff/Little Cigars Tax (2010-11 Savings: \$40 million; 2011-12 Savings: \$40 million): The tobacco products tax on chewing tobacco, cigars, pipe tobacco and rolling tobacco would be increased from 46 percent of wholesale price to 90 percent of the wholesale price. The tax on snuff would be raised from \$0.90 per ounce to \$2.00 per ounce. Little cigars would be taxed consistent with the proposed cigarette excise tax of \$3.75 per pack, rather than the current rate of 46 percent of wholesale price.
- ▶ Sales Tax Vendor Credit (2010-11 Savings: \$23 million; 2011-12 Savings: \$23 million): The allowance currently provided to vendors that collect sales and use tax and remit with their timely filed and fully paid return would be eliminated for large vendors.
- ▶ Private Label Credit Cards (2010-11 Savings: \$18 million; 2011-12 Savings: \$18 million): This proposal would close a loophole that permits certain vendors, such as private label credit card lenders, to claim a sales tax refund from the State for debts that are not repaid, a practice prohibited for other lenders.
- ▶ Clarify Room Remarketers Must Collect Sales Tax (2010-11 Savings: \$15 million; 2011-12 Savings: \$20 million): Clarifies that room remarketers, such as online retailers, are required to collect State and local sales taxes. Currently, the hotel collects sales taxes when the remarketer purchases the room. This clarifies that sales taxes are also due on the mark-up.
- ▶ Bank Bad Debt Deductions (2010-11 Savings: \$15 million; 2011-12 Savings: \$15 million): Commercial banks with assets in excess of \$500 million would be required to claim the actual amount of bad debt, rather than the amount set aside to cover such debt. This would couple large commercial banks to Federal provisions.

Other Actions (2010-11 Savings: \$85 million)

- ▶ Additional Department of Law Recoveries (2010-11 Savings: \$35 million): The Department of Law is expected to generate revenues from debt collection, recoveries, and litigation in excess of amounts needed to support their related operations.
- ▶ Expand Manhattan District Attorney's Recovery Sharing (2010-11 Savings: \$50 million): Under legislation submitted as part of the Executive Budget, the State anticipates sharing in recoveries generated by the Manhattan District Attorney.



Help Wanted: Fairy Godmother(s)



Governmental entity seeks fairy godmother who has magical powers and can bring unexpected good fortune. Must be able to work with different constituencies and to dispel disbelief (...So we're trying to get people to recognize that there's no fairy godmother. And they better change their behavior" – Lieutenant Governor Richard Ravitch).

In the News – New York City

Mayor Bloomberg Appoints Former Indianapolis Mayor Stephen Goldsmith as Deputy Mayor for Operations

Mayor Michael R. Bloomberg today appointed Stephen Goldsmith, the former Mayor of Indianapolis, as Deputy Mayor for Operations. Mr. Goldsmith currently serves as the Director of the Innovations in American Government Program and as the Daniel Paul Professor of Government at Harvard's Kennedy School of Government. He replaces Deputy Mayor for Operations Edward Skyler, who announced last month he would be leaving City service for the private sector.

Mr. Goldsmith has served as Chair of the Corporation for National and Community Service, which oversees the AmeriCorps program, under Presidents Barack Obama and George W. Bush, a position he has held since 2001. As Mayor of Indianapolis from 1992 to 1999, Goldsmith reduced government spending, cut bureaucracy and ineffective regulation, spearheaded a major expansion of public-private partnerships and led a transformation of downtown Indianapolis that was widely considered a national model for urban revitalization, according to Mayor Bloomberg.

“In Steve Goldsmith, we have found someone who – perhaps better than anyone else in the nation – understands the power of innovation,” Mayor Bloomberg said. “Lots of people talk about ‘reinventing government’ – Steve Goldsmith has actually done it, leading the storied turnaround of Indianapolis. Since then, he has studied and consulted on management and governance in cities from coast to coast and around the world, and we consider ourselves very fortunate to have recruited him to New York City. He exemplifies pragmatic, nonpartisan leadership, and we’re thrilled to welcome him to City Hall.”

According to the Mayor, the turnaround of downtown Indianapolis is widely cited as the model for the revitalization of downtrodden urban neighborhoods. Downtown Indianapolis suffered from years of urban decay, with disinvestment, population flight and difficulties with crime. As Mayor of Indianapolis, Mr. Goldsmith was the leading force behind the rebirth of downtown Indianapolis, rebuilding neighborhoods and spurring major investment. He oversaw more than \$1.5 billion in new or rehabilitated parks, streets, sidewalks and sewers, all while reducing the City’s tax rate four times through improved efficiencies.

Deputy Mayor Goldsmith graduated from Wabash College in Indiana and from the University of Michigan Law School, where he earned his Juris Doctor, with honors, and was Associate Editor of the Law Review. He currently works as Senior Strategic Advisor at the law firm of McKenna, Long & Aldridge, LLP. He also has taught at the University of Pennsylvania Law School and School of Arts and Sciences; at Columbia University as an Adjunct Professor; and at Indiana University as an Adjunct and Assistant Professor. He served as Chief Domestic Policy Advisor on the President Bush’s 2000 Presidential campaign. From 1979 to 1990, he served as Prosecuting Attorney for Marion County, Indiana. He served in the U.S. Army Reserves for six years, achieving the rank of Staff Sergeant.

Four Facilities Answer Governor’s Call for St. Vincent’s Assistance

Governor David A. Paterson this week announced the award of \$14 million in grants to support an urgent care facility and other health care services in Greenwich Village for patients displaced by the closure of St. Vincent’s Catholic Medical Center.

Lenox Hill Hospital, Callen-Lorde Community health Center, Ryan-NENA Community Health Center, the Charles B. Wang Community Health Center, and the Ryan/Chelsea-Clinton Community Health Center responded to the Governor’s Request for Grant Applications issued on April 9.

Lenox Hill Hospital will receive \$9.4 million to operate an urgent care center providing round-the-clock care, seven days a week, to the Greenwich Village community. The center will be operated initially from St. Vincent's main site, where grant funds will aid in the transition of the closed emergency room to a fully staffed urgent care center. Lenox Hill will then seek to move the center to a to-be-determined permanent site in the Village and has pledged to operate it for a minimum of five years following the initial two-year grant period.

Lenox Hill will be joined in this undertaking by North Shore-Long Island Jewish Health Care Inc., which will operate 24/7 transportation for patients in need of inpatient care or more elaborate acute care.

A second award of \$4.6 million will support the expansion of services at four clinics in the St. Vincent's service area: the Callen-Lorde Community Health Center on West 18th Street, the Ryan-NENA Community Health Center on East Third Street, the Charles B. Wang Community Health Center in Chinatown, and the Ryan/Chelsea-Clinton Community Health Center on 10th Avenue between 45th and 46th streets. Grant funds will pay for renovation and expansion of the four sites and for additional clinical staff, which will enable the facilities to provide as many as 75,000 additional patient visits a year to the community – the equivalent of a 20 percent expansion.

The funds will be administered by DOH and the Dormitory Authority under the Health Care Efficiency and Affordability Law for New Yorkers (HEAL NY).

“I am satisfied that the state has chosen a top rate hospital to provide 24 hour/7 day per week care to the community,” City Council Speaker Christine Quinn said. “However we must be clear that this does not totally provide all services to the West Side of Manhattan that St. Vincent’s provided. Any patient requiring in patient or more elaborate acute care will have to be transported to another site. Only a full service hospital can fully replace St. Vincent’s Catholic Medical Center. However, no hospital has come forward with a proposal to buy St. Vincent’s and their massive debt.”

In Brief

Absentee Ballot Process Simplified

Governor Paterson this week signed into law his Program Bill No. 63, A.5276-B/S.2868, which will simplify the absentee ballot process by removing a requirement that the voter provide certain information on the reason for the voter's absence. Currently, the absentee ballot application form requires that individuals provide specific information about the nature of their disabilities or why they won't be in their polling district on Election Day, as well as name and addresses of employers and specific information regarding whereabouts. This bill will repeal many of the provisions of Election Law 8-400 that dictate what information voters must provide when applying for an absentee ballot.

"With this legislation, individuals who in the past were unable to visit polling locations due to illness, disability or any other reason will no longer be required to fill out lengthy and intrusive questionnaires before being provided with absentee ballots," Governor Paterson explained.

Mayor Bloomberg Buys A Little More Budget Time

Mayor Michael Bloomberg this week approved legislation to extend the budget preparation period. Sponsored by Council members Recchia and Comrie, Introductory Number 128 extends the date for the completion of the Executive Budget by ten days, from April 26th to May 6th and extends the date for the completion of the budget hearings by eight days, from May 25th to June 3rd. In addition, the date for adoption of the Fiscal Year 2011 budget is moved from June 5th to June 14th.

Coming Up

New York State

Friday, May 7th

Accessibility of the Taxicab and For-Hire-Vehicle Fleet in New York City for Persons with Disabilities

Assembly Committees on Cities, Corporations & Transportation

Assembly Task Force on People with Disabilities

Assembly Hearing Room, 250 Broadway, Room 1923, 19th Floor, New York, 10:30 a.m.

New York City

Monday, May 3rd

Committee on State and Federal Legislation, Council Chambers - City Hall, 1 p.m.

Res 0079-2010 Resolution calling on the United States Congress to renew and strengthen the Child Nutrition and WIC Reauthorization Act.

Tuesday, May 4th

Subcommittee on Zoning and Franchises, 250 Broadway - Hearing Room, 16th Fl., 9:30 a.m.

Subcommittee on Landmarks, Public Siting & Maritime Uses, 250 Broadway - Hearing Room, 11 a.m.

Subcommittee on Planning, Dispositions and Concessions, 250 Broadway - Hearing Room, 1 p.m.

Wednesday, May 5th

Committee on Health, Council Chambers, City Hall, 1 p.m.

- *Permits for the sale or transfer of milk and milk products and to medical records respectively.*
- *Air quality standards for compressed air in underwater breathing tanks.*
- *Relating to reports regarding child care facilities.*

Committee on Waterfronts & Lower Manhattan Redevelopment, 1 p.m.

Tour: Governors Island

Thursday, May 6th

Committees on Finance & Community Development, 250 Broadway - Hearing Room, 14th Fl. 1 p.m.

Int 0026-2010 In relation to the sale of water liens.

Committee on Land Use, 250 Broadway - Hearing Room, 16th Fl. 10 a.m.

Committees on Public Safety & Transportation, Council Chambers - City Hall, 1 p.m.

Oversight - Are we doing enough to keep straphangers safe?

Friday, May 7th

Committee on Contracts, Broadway - Hearing Room, 14th Fl., 10:00 AM

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