



This Week in New York

Covering New York State and City Government

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In the News – New York State

Budget Debate Moves to Legislative Arena

The State Senate and Assembly fiscal committees next week formally begin phase 2 of the Executive budget process: the Joint Legislative Public Hearings on 2012-2013 Executive Budget Proposal.

State agency heads, local government officials, union chiefs, business leaders, special interest groups, and average citizens alike will make the annual pilgrimage to the Legislative Office Building in Albany to weigh in on the Governor's proposal. The hearings begin on Monday, January 23, and continue through Tuesday, February 14. The respective state agency or department heads will begin testimony each day, followed by invited witnesses and individuals who have signed up to testify on that area of the budget.

To follow is a list of next week's scheduled hearings:

Monday, 1/ 23 -- Elementary and Secondary Education

Tuesday, 1/ 24 -- Local Government Officials /General Government

Wednesday, 1/25 -- Workforce Issues

Thursday, 1/ 26 – Transportation

On Tuesday, Governor Andrew Cuomo introduced a \$132.5 billion budget that reduces spending by 2 percent and closes a \$3.5 billion gap without major tax increases. He continued his hardline on spending and detailed proposals highlighted in the *State of the State* address including reforming New York's teacher evaluation and pension systems, investing billions in infrastructure and Regional Development Council projects, redesigning state operations via agency mergers and shared services, establishing the New York State Health Care Exchange, providing mandate relief to localities, and continuing the overhaul of New York's Medicaid system.

Among the issues of particular interest to next week's hearings are:

Education: Governor Cuomo delivered on his pledge to increase education spending by 4%, an additional \$800 million. The Governor proposed \$290 million for high-need districts, \$265 million for reimbursement in expense-based aid programs and an additional \$250 million for "performance grants." Future increases in state aid will be linked to the implementation of a teacher evaluation system, which must be in place by Jan. 17, 2013.

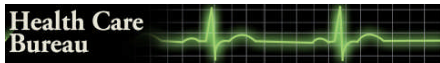
Mandate Relief: The Governor's mandate relief proposal included:

- ❑ Medicaid Relief. The Executive Budget proposes a phased takeover of Medicaid administrative responsibilities for counties.
- ❑ Pension Reform. The Executive Budget proposes creating a new Tier VI in the State pension system. The new pension plan would have progressive contribution rates between 4% and 6% with shared risk/reward for employees and employers. It includes a voluntary option for defined contribution following the TIAA-CREF model. Employees taking this defined contribution will vest in the system after one year. This option will be portable.
- ❑ Early Intervention and Preschool Special Education Reform. Executive Budget proposes administrative reforms to the Early Intervention and Preschool Special Education systems.

Aid to Local Governments: The Executive Budget provides \$715 million to local governments in unrestricted operating aid, and an additional \$79 million in grants to promote efficiency.

Transportation: The Executive Budget makes investments in the State's highway and bridge infrastructure including a new \$1.16 billion in New York Works State and federal capital funds. The New York Works program will accelerate capital investment, building upon core transportation funding, to provide a total DOT capital program of nearly \$4.5 billion in 2012-13, including highways, bridges, rail, aviation, non-MTA transit, and DOT facilities. Funding for local highway and bridge projects under the Consolidated Highway Improvement Program is maintained at \$402.8 million. The MTA's capital program will receive \$770 million in new State support over a multi-year period to help fund the MTA's \$22.2 billion 2010-14 program.

Attorney General Deal Requires Insurers to Publish Accurate Provider Directories



Companies Reform Business Practices To Ensure Accuracy Of Online Information

Attorney General Eric T. Schneiderman this week announced settlements with eight health insurance companies, requiring them to ensure the accuracy of provider directories posted on their websites by removing providers who no longer participate with the plans and correcting listing errors for providers who are in the plans.

The companies with which Attorney General Schneiderman has reached agreements are: Empire HealthChoice HMO, Inc., Empire HealthChoice Assurance, Inc., Health Insurance Plan of Greater New York, HIP Insurance Company of New York, United HealthCare of New York, Inc., Oxford Health Plans of New York, United HealthCare Insurance Company of New York and Vytra Health Plans.

The settlements also require insurers to implement new business practices for updating their online provider directories in a timely manner, and to pay restitution to consumers who paid more than they should have because they went to providers their insurers erroneously listed as in-network.

In December 2010, then-Attorney General Andrew Cuomo reached similar settlements with health insurers Aetna, CIGNA, GHI, and with Magnacare, L.L.C. and Multiplan, Inc., companies that created networks of doctors and other providers and leased the networks to insurers for them to use as their participating providers. Those settlements also require the network companies to fix online directories they provide insurers and to reform their business practices to maintain updated directories.



AG Schneiderman

“Consumers are entitled to accurate information from their health care insurers, especially for something as basic as whether or not their doctor is in their network,” Attorney General Schneiderman said. “Inaccurate directories lead to delays in care and additional costs to the consumer, particularly when that consumer winds up seeing a doctor who is not actually a provider in the plan and pays out of pocket.”

The Attorney General’s Health Care Bureau commenced an investigation into the accuracy of the online provider directories after receiving consumer and provider complaints through its Health Care Bureau Helpline.

The investigation uncovered inaccurate listings that wasted consumers' time, and delayed access to medical care by forcing consumers to find another physician after discovering -- through a phone call or sometimes upon arriving at an appointment -- that their physician was no longer participating in the plan. Consumers also experienced delays in accessing medical care when participating doctors were listed with incorrect contact information, or when their doctors referred them to providers on the list who were no longer participating in the plan.

In addition to agreeing to reform their business practices and fix their provider directories, the companies in the settlement have agreed to:

- Update their online provider directories within 30 days of receiving verified provider information going forward and track changes;
- Refund consumers for amounts paid for services rendered by non-participating providers who were listed in the online provider directory at the time they received services;
- Prepare and file reports on a regular basis with the Office of Attorney General on the status of continual correction of their directories;
- Engage an independent entity to audit their compliance with the settlement;
- Log complaints related to the accuracy of participating provider listings and document how each complaint was resolved; and
- Collectively pay \$60,000 in costs to cover the Attorney General’s investigation.

State Comptroller Calls on the President to Stop NY's the "Race to the Bottom"

Asserts that coordinated, sustained attacks by anti-pension advocates have falsely cast public pensions as costly, unsustainable giveaways, bankrupting states and localities

Setting the "record straight," State Comptroller Thomas DiNapoli this week asserted that most state pension plans are sustainable for the long term and called upon President Obama to convene a National Commission to address the decline of retirement security.



Comptroller DiNapoli

"Instead of joining the race to the bottom to dismantle pension systems, this is the time to preserve pension plans that are proven to work, help those that need fixing," Comptroller DiNapoli explained. "We can't afford to walk away from this problem or leave it for someone else to deal with."

Comptroller DiNapoli called for a change in the perception of pensions being viewed primarily as a liability and a cost to taxpayers – to "what they really are: a pre-funding of a legitimate, looming government liability and societal obligation."

According to the Center for Retirement Research at Boston College, pension contributions from state employers amount to 3.8% of state and local spending, on average. In New York, according to the Comptroller, the number is 2.4% of state operating funds.

Comptroller DiNapoli explained that the majority of benefits are paid by investments. He cited that over the past 20 years, 83 cents of every dollar in benefits paid to New York retirees have come from investment returns, not employee or employer contributions (national average: 68 cents).

The New York State pension fund had an annual return of 14.6% for FY 2010-11. The Fund now has fiscal year audited assets totaling \$146.5 billion (the highest since the global meltdown of 2008-09).

In the annual state of the State Address, Governor Andrew Cuomo characterized continuing New York's pension system as "a violation of the public trust" and promised reform as part of his mandate relief package for localities. This week the Governor unveiled his Tier VI pension program which included a 401K type of defined benefit plan.

"401k's were never intended to take the place of pensions," Comptroller DiNapoli said. "They were designed to be savings vehicles to supplement pensions and social security income. And overall, in their relatively short history, they have proven to be woefully inadequate for those who rely on them for their primary retirement income."

The Comptroller suggested that the level of pension contributions and how to control overtime abuse are acceptable areas for discussion and debate, but that it is “unacceptable” to promote replacing defined plans with 401k’s.

“If people can’t support themselves in retirement and in old age, taxpayers will foot 100% of these future costs,” the Comptroller said. “From a fiscal standpoint, the responsible thing to do is to prefund these costs now.”

To that end, the Comptroller looked to the Obama Administration to set up the Commission whose membership should draw from representatives from labor, business, government employers, the fiduciary community, accountants and actuaries, and academia.

The Comptroller asserts that the Commission’s first order of business is to develop strategies to assure the continued viability of solid, well-funded defined benefit plans and identify strategies to restore the finances of plans that have fallen into disrepair. Second, the Commission must focus on the longer-term problem of the erosion of retirement security, “and it must start its work from the simple premise that we need to ensure that people are able to support themselves when they’re no longer able to work.”

In the News – New York City



Governor’s Budget Receives an Overwhelming Thumbs Up from the Mayor and Speaker

Bolstered by Governor Andrew Cuomo’s aggressive budget agenda, New York City Mayor Michael Bloomberg is looking forward to coming to Albany next week to testify before the State legislative fiscal committees.

“Governor Cuomo put forward a budget that demonstrates a bold commitment to tackle some of the toughest challenges facing our great state,” Mayor Bloomberg said. “He has my strong support.”

Mayor Bloomberg explained that the Governor’s mandate relief and pension reform could save the City billions in the long term. He estimated that New York City spends more than \$8 billion annually – more than 12 percent of the City’s budget – on pensions and that the Governor’s plan will relieve the burden. In addition, the Mayor noted that the Governor’s budget will reduce “onerous” local Medicaid costs by limiting – and then eliminating – the rate of growth in the City’s Medicaid bills in the years to come.

In addition, the Mayor commended the Governor’s proposed reforms to the juvenile justice system. He noted that he has worked closely with the Cuomo administration to forge an agreement that will transfer responsibility for all but the most seriously delinquent youth from State to City care.

Under the Governor's proposal, effective April 1, 2012, New York City will be authorized to implement a "close to home" initiative to provide services for adjudicated juvenile delinquents determined by a Family Court as needing placement in other than a secure facility. The City will contract with authorized agencies to operate and maintain non-secure and limited secure facilities.

The initiative would be subject to a plan prepared by New York City and approved by the Office of Children and Family Services (OCFS) and the State Director of the Budget. Before submitting a plan, New York City would be required to hold at least one public hearing on its proposed plan.

Continuing his criticism of the education unions, the Mayor lauded the Governor as a "champion for our students" that will not allow the teachers' union to "drag its feet any longer" on implementing new teacher evaluation systems across the state. "The Governor has rightly said he will not tolerate this and will help deliver rigorous teacher evaluations for our State and City," Mayor Bloomberg said, welcoming the Governor's support.

Similarly, City Council Christine Quinn heralded the budget as "the strongest state budget that New York City has seen in a long time" and "strongly commended" the Governor. "With this new budget, Governor Cuomo is establishing a stronger financial basis for a more vibrant and healthy New York," she concluded.

Weather for Albany on Tuesday: Windy, High of 41 degrees (outside); Warm & Fuzzy (inside).

Weather for Albany on April 1st: ??

In Brief

Governor's Budget Touts Design Build in Infrastructure Projects

What started out as a means to accelerate the rebuilding efforts from this Fall's natural disasters has become an integral part of New York's \$25 billion infrastructure initiative. In his Executive Budget, Governor Andrew Cuomo proposed using the Design Build provisions passed as part of last month's economic recovery package to "accelerate select infrastructure projects with maximum economic impact...that will allow projects to begin now and reduce costs by hundreds of millions of dollars."

The reference was included in the Governor's \$25 billion economic development program funded largely by leveraging billions in private sector investment. Under the program, the New York Works Fund and Task Force will coordinate \$1.3 billion in State funding to spur up to \$25 billion in investment from other sources, including private companies, the federal government, and authorities).

(Excerpt from Budget: To accelerate select infrastructure projects with maximum economic impact, the Governor's plan will use provisions from the Design Build legislation, which was passed in the 2011 December extraordinary session, that will allow projects to begin now and reduce costs by hundreds of millions of dollars.)

Why the Rockaways?

Governor Andrew Cuomo's 2012-2013 budget includes a proposal in which the Metropolitan Transportation Authority (MTA) would establish a rebate program for E-ZPass tolls paid by the residents of Broad Channel and the Rockaway Peninsula, for travel over the Cross Bay Veterans Memorial Bridge.

The budget documents cite the program as a means of “promoting access to employment” by providing rebates to residents who live within zip codes 11691, 11692, 11693, 11694, 11695, and 11697, for travel over the Cross Bay Veterans Memorial Bridge.

Mayor Signs Legislation Extending the Date for His Preliminary Budget

Introductory Number 749 extends the date for the submission of the Preliminary Budget to the City Council to February 2nd and extends the date for the submission of the Preliminary Management Report to the City Council to February 16th. According to the Mayor, the bill is necessary so the City can more fully assess its fiscal outlook before submitting the Preliminary Budget.

Mayor Bloomberg & San Francisco Mayor Lee Wager on Giants-49ers Playoff Game

Mayor Michael R. Bloomberg and San Francisco Mayor Edwin M. Lee announced a friendly wager on the upcoming NFC Championship game between the Giants and 49ers. The game will take place on Sunday, January 22 in San Francisco.

If the Giants win, Mayor Lee will drape an iconic San Francisco cable car in Giants flags and will send classic sourdough bread to New York City.

If the 49ers win, Mayor Bloomberg will rename 49th Street in Manhattan as “49ers Street.” He will also send a dozen New York bagels, from Bagel Oasis in Queens, to San Francisco.

Go Giants!!

Coming Up

New York State

Monday, January 23rd

Legislative Public Budget Hearings on 2012-2013 Executive Budget Proposal: Elementary & Secondary Education, Hearing Room B, Legislative Office Building 10 a.m.

Tuesday, January 24th

Legislative Public Budget Hearings on 2012-2013 Executive Budget Proposal: Local Government Officials /General Government, Hearing Room B, Legislative Office Building 9:30 a.m.

Senate Standing Committee on Higher Education, Van Buren Hearing Room A, Legislative Office Building, 2nd Floor, Albany, New York 12:00 P.M. – 3:00 P.M.

A follow-up to the October public hearing that examined policies and procedures pertaining to the security of the SAT and standardized tests in response to the ongoing criminal investigation that has uncovered a wide-ranging cheating scandal.

Wednesday, January 25th

Legislative Public Budget Hearings on 2012-2013 Executive Budget proposal: Workforce Issues, Hearing Room B, Legislative Office Building 10 a.m.

Assembly Standing Committee on Social Services, Roosevelt Hearing Room C, Legislative Office Building, 2nd Floor, Albany, New York, 10:30 a.m.

Homeless Services

Thursday, January 26th

Legislative Public Budget Hearings on 2012-2013 Executive Budget proposal: Transportation, Hearing Room B, Legislative Office Building 10 a.m.

New York City

Monday, January 23rd

Committee on Finance, 250 Broadway - Committee Rm, 16th Fl., 9 a.m.

Int 0729-2011 In relation to the posting of material terms of contracts entered into by the city on a newly created public, online searchable database.

Committee on Public Housing, 250 Broadway - Committee Rm, 14th Fl., 1 p.m.

Oversight – Resident Participation in NYCHA Developments.

Tuesday, January 24th

Subcommittee on Landmarks, Public Siting and Maritime Uses, 250 Broadway - Committee Rm, 16th Fl., 11 a.m.

Subcommittee on Planning, Dispositions and Concessions, 250 Broadway, 16th Fl., 1 p.m.

Committees on Health & General Welfare, 250 Broadway - Committee Rm, 14th Fl., 1 p.m.

Int 0751-2012 In relation to a child fatality review advisory team.

Int 0753-2012 In relation to requiring the department of health and mental hygiene to track and report deaths of homeless persons in the city of New York.

Subcommittee on Zoning and Franchises, 250 Broadway - Committee Rm, 16th Fl., 2 p.m.

Wednesday, January 25th

Committee on Transportation, 250 Broadway - Committee Rm, 14th Fl., 10 a.m.

Int 0183-2010 In relation to audible pedestrian signals.

Int 0487-2011 In relation to requiring the installation of detectable warning surfaces.

Int 0745-2011 In relation to requiring the department of transportation to post on its website a list of all major street redesigns in a format accessible to people with disabilities.

Committee on Immigration, 250 Broadway - Committee Rm, 16th Fl., 10 a.m.

Res 0761-2011 Resolution urging the U.S. Department of Justice, Executive Office of Immigration Review, to implement a comprehensive hiring plan for immigration judges that includes increasing the number of judges appointed, drawing judges from more diverse backgrounds, requiring judges to have some degree of knowledge of immigration law, instituting training in cultural competence upon hiring, and providing immigration judges with the necessary resources to make competent and just decisions, and for the 112th Congress to allocate the necessary funds to accomplish these goals.

Res 1096-2011 Resolution calling upon the Department of Homeland Security to create a Haitian Family Reunification Parole Program, which would benefit Haitians recovering from the January 12, 2010 earthquake by allowing Haitians with approved family-sponsored immigrant visa petitions to come to the United States.

Res 1193-2012 Resolution authorizing the Council to join an amicus brief in support of the Plaintiff-Appellee in the litigation captioned The United States of America v. The State of Arizona, Case No. CV 10-1413-PHX (SRB), which is currently pending before the United States Supreme Court.

Committee on Cultural Affairs, Libraries and International Intergroup Relations, 250 Broadway - Committee Rm, 14th Fl., 1 p.m.

Oversight - Increasing Health Insurance Access to Artists.

Thursday, January 26th

Committee on Consumer Affairs, 250 Broadway - Committee Rm, 14th Fl., 10 a.m.

Oversight - Home Improvement Contractors in New York City – Tools for Fair Dealing.

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

Committee on Aging, 250 Broadway - Hearing Rm, 16th Fl., 10 a.m.

Oversight - Social Isolation

Committee on Economic Development, 250 Broadway - Committee Rm, 14th Fl., 1 p.m.

Oversight - NYC & Company, Inc.: “New York City’s official marketing, tourism and partnership organization”.

Committee on Waterfronts, 250 Broadway - Committee Rm, 16th Fl., 1 p.m.

Int 0740-2011 A Local Law to amend the administrative code of the city of New York, in relation to discharges in certain designated bodies of water.

Committee on Fire and Criminal Justice Services, 250 Broadway - Hearing Rm, 16th Fl., 1 p.m.

Oversight - Examining the Role of the NYC Department of Probation in the Adult Court Process from Investigation to Supervision.

Friday, January 27th

Committees on Sanitation and Solid Waste Management & Contracts, 250 Broadway - Committee Rm, 14th Fl., 10 a.m.

Oversight - Examining the City's Compliance with Environmentally Preferable Purchasing Laws.

Committees on Civil Rights & Veterans, 250 Broadway - Committee Rm, 16th Fl. 10 a.m.

Res 1188-2012 Resolution calling upon the United States Department of Defense to closely examine its policies around cultural diversity and sensitivity and to impose more effective and comprehensive training regiments for military personnel in cultural awareness, diversity and sensitivity to prevent the discrimination and harassment of all military personnel, including servicemen and women within its ranks.

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