



A Schuyler Center News Blast

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Last Look: NYS Budget 2014-15

Comparison of NYS Enacted 2014-15 Budget with Schuyler Center Policy Priorities

Schuyler Center's 'Last Look' is an initial analysis of New York State's 2014-15 enacted budget and how it intersects with our policy priorities. Schuyler Center staff will spend the coming days gaining a deeper understanding of the final budget and its impacts. Below is a quick assessment of how the final budget advances priorities that improve the health and well-being of all New Yorkers, especially those living in poverty.

Early Care and Learning

Pre-Kindergarten: The *final budget* includes \$340 million to support the expansion of universal full-day Pre-Kindergarten. New York City will receive \$300 million to implement its Pre-K plan and the rest of the state can receive up to \$40 million. The final budget establishes a grant award application process, different from last year's, which can include Pre-K programs offered by schools, non-profits, community-based organizations, charter schools, and libraries/museums. It creates a two-tiered reimbursement system for programs, with reimbursement of \$10,000 for certified and \$7,000 for non-certified teachers and requires teachers to be certified in three (3) years. It requires districts to spend most of the money first and seek reimbursement from the State based on the awards of competitive grants later. The budget also contains welcome quality requirements. Unlike last year's new Pre-K allocation, high-need districts are not prioritized.

The budget allocates a significant investment in the expansion of Pre-K. Though the Governor's press release claims "statewide universal full-day Pre-Kindergarten," the funding is not enough to ensure that the program is statewide or universal. Even more concerning are requirements that may prevent this money from being fully utilized in the near or longer term. It took until September 2013 for the State Department of Education to issue an RFP for last year's comparatively straightforward \$25 million new Pre-K grant program. The language regarding this year's new program is more complicated and, at this time the budget language leaves several unanswered questions.

History: The **Executive Budget** proposed \$100 million for 2014-15, as part of the Governor's 5-year plan to expand full-day pre-kindergarten in New York State with an additional \$100 million per year over five years. This was an increase over the \$25 million in new Pre-K funding in the 2013-14 enacted budget. The **Assembly** accepted the Governor's proposal and New York City Mayor de Blasio's request to tax high-income New York City residents to fund universal Pre-K and afterschool for all middle schoolers in New York City. The Assembly also proposed establishment of a reserve for unused funds for use in the next year. The **Senate** included \$340 million for Pre-K in New York

City and \$145 million for the rest of the state. Their proposal would have allowed school districts flexibility to use the money to convert half-day Kindergarten classes to full-day or toward the district's Gap Elimination Adjustments (GEA).

Smart Schools Bond Act: The *final budget* supports the Governor's proposal for \$2 billion to float a "Smart Schools" bond act to support education technology, infrastructure, construction of Pre-Kindergarten classrooms and replace classroom trailers with permanent space.

History: The **Executive Budget** included a \$2 billion bond to be brought before voters in November 2014 to support education technology in schools, including infrastructure improvements for high-speed broadband, as well as construction of Pre-K classrooms. The **Assembly** accepted the Governor's proposal but added trailer replacements and permanent facilities for schools (both public and nonpublic). The **Senate** indicated that it would consider accepting the Governor's proposal for a bond but wanted water and sewer districts included.

Afterschool Programs: The *final budget* provides an additional \$500,000 in TANF funding to restore Advantage Afterschool funding to 2013-14 budget levels. However, it does not include new funding for the Executive's commitment to expand afterschool programs, although New York City was given explicit flexibility to use appropriated funds for afterschool. The Governor and Legislative leaders articulated the importance of afterschool programs but left this as an aspirational goal to fund in future years.

History: The **Governor proposed an increased investment** of \$720 million over 5 years, starting in 2015-16, to expand afterschool programs, but no new money in 2014-15. The **Assembly** did not include any money in this year's budget for afterschool. The **Senate** added \$200 million for afterschool in New York City and did not agree with the Governor's proposal to use casino gaming revenue as a funding source.

Child Care Subsidies: The *final budget* does several important things to help strengthen the child care system. It provides an additional \$41 million—\$34 million plus a \$7.2 million restoration for facilitated enrollment—for child care. An amendment to the Social Services law enacts a teen earning income disregard that allows families to disregard a teen's earnings as part of their household income, aligning child care with other needs-based programs (SNAP, HEAP, and public assistance) in New York. It also requires child care centers to post their latest inspection notices.

These additional funds represent a step toward the goal of serving all eligible low-income children in New York with quality child care. The final budget goes in the right direction but does not adequately support the significant statewide need among low-income families for access to child care.

History: The **Executive Budget** increased child care subsidies by \$21 million. The **Assembly** added \$106 million for child care including:

- Equalizing the family share co-pay for subsidized child care to 20% or less of income over the Federal Poverty Level (\$70 million);
- Increasing the number of subsidized child care opportunities available statewide over a four year period (\$11 million annually);
- Enhancing the State's Facilitated Enrollment program (\$11 million);
- Allowing for reimbursement to child care providers for a minimum of 12 child absences per six month period (\$6.3 million);

- Helping align payment rates with licensing requirements for child care providers by defining an infant as a child up to two years old, instead of 18 months (\$5.3 million); and
- Disregarding teen income for the purposes of determining eligibility for child care subsidies (\$2.5 million).

The **Senate** included \$132 million for child care subsidies and expanded the Child Care Facilitated Enrollment Program. The Senate indicated support for capping the family co-share but did not indicate the amount. The Senate also proposed raising the eligibility for subsidy eligibility to 400% of Federal Poverty Level.

Quality Improvement in Child Care: The *final budget* neglects to invest in assessing or improving child care quality through QUALITYstarsNY or any other mechanism, though does include new quality components in Pre-K. New York State regulates child care programs for safety, but does not fund quality improvement. Research has shown that high-quality early learning programs have long-lasting positive effects on children's futures. It is simply irresponsible to continue to ignore the need to invest in quality for our youngest New Yorkers in child care.

History: The **Executive Budget** neglected to invest in improving quality in child care. Neither the **Assembly** nor the **Senate** invested in quality.

Health

Basic Health Program (BHP): The *final budget* authorizes New York to create a Basic Health Program (BHP). BHP is a health insurance coverage program for low-income adults with incomes too high for Medicaid but who are likely to find Exchange coverage unaffordable. This would include legal immigrants and allow the State to receive federal dollars. Currently the State covers legal immigrants with 100% state funding. Under a BHP, the federal government would subsidize most of the cost, resulting in an expected savings of approximately \$300 million.

History: The **Executive Budget** included language allowing New York State to implement a BHP. The **Assembly** accepted the Governor's proposal. The **Senate** had indicated it was open to discussing a BHP but that it also had some reservations.

New York State of Health: The *final budget* allocates funds to support the operation of the New York State of Health Marketplace. New York's is arguably the most successful Exchange in the country, enrolling over 800,000 New Yorkers into health coverage in 6 months.

History: The **Executive Budget** allocated money for the Exchange which the **Assembly** accepted but the **Senate** rejected.

Consumer Assistance: The *final budget* allocated funding from the federal government (a 'dry appropriation' because the money is passed-thru) to continue to fund the Consumer Health Advocate program which helps New Yorkers get and use their health insurance. This important program makes sure that insurance coverage translates into people being able to use coverage to access medical care, especially preventive services.

History: The **Executive Budget** provided for continued support for consumer assistance programs that help New Yorkers get and use their health insurance. The **Assembly** accepted the Governor's proposal but the **Senate** rejected it.

Out-of-Network and Surprise Billing Protections: The *final budget* protects consumers from the ‘surprise bills’ that arise when someone receives a health service from a provider out of their plan, many times through no fault of their own. Consumer advocates applaud the Governor and Legislature on enacting out-of network protections for consumers is this budget.

History: The **Executive Budget** included language to protect health consumers from ‘surprise’ medical bills for out-of-network services and require that plans have adequate provider networks. Both the **Assembly** and the **Senate** supported out-of-network protections for consumers.

Foster Care Transition to Medicaid Managed Care: The *final budget* includes the Governor’s proposed \$5 million in funding for the transition of foster care children and youth into Medicaid Managed Care. The final budget authorizes the Office of Children and Family Services and Department of Health to develop a formula to distribute the funds. Additional language requires that users of the funds document effectiveness.

History: The **Executive Budget** allocated \$5 million to support voluntary foster care agencies in their efforts to transition foster care youth from Medicaid fee-for-service to managed care to support training and consulting services for voluntary agencies, including the ability to use health information technology. The **Assembly** accepted the Governor’s proposal but required a report to the Legislature on how the money is spent. The **Senate** accepted the Governor’s proposal but removed oversight from the State Comptroller and requires a report to the Legislature.

Adult Homes: The *final budget* accepted the Governor’s proposed \$30 million for residents of adult homes to transition to community-based settings. For the first time in many years, there is funding and a process to help those residents to move to community housing, if they wish. Adult homes were originally envisioned for elderly New Yorkers who are no longer able to live on their own. Today, nearly 40% of adult home residents have a psychiatric diagnosis. Residents of adult homes who have psychiatric disabilities deserve the option to live in the community.

History: The **Executive Budget** included \$30 million for residents of adult homes to transition to community-based settings. Both the **Assembly** and the **Senate** accepted the Governor’s proposal although the **Senate** included language that would have hampered the ability of adult home residents with psychiatric disabilities to move to community-based settings if they so desire.

Establish Regional Health Improvement Collaborative: The *final budget* includes \$9 million to support health planning. Regional health planning is sorely needed in New York’s shifting health care landscape. Regional planning improves efficiency and effectiveness in health care, bringing together stakeholders to transform regional health care systems to address prevention, access, cost, quality, and population health.

History: The **Executive Budget** included \$7 million in 2014-2015, growing to \$16 million in 2015-2016 to support establishing 11 Regional Health Improvement Collaboratives (RHICs), which would “function as neutral conveners, facilitators, and catalysts for improvement,” bringing together key stakeholders to help transform the regional health care systems. The **Assembly** accepted the proposal while the **Senate** rejected it.

Medicaid Waiver: New York State applied to the federal government for a \$10 billion waiver to further New York’s efforts to transform the health delivery system. Through New York’s Medicaid Redesign Team Initiatives, New York projects it will save the federal government \$17 billion and has

requested the federal government return a portion of those savings to New York. The federal government agreed to \$8 billion for New York to reinvest back into its health care delivery system. This money will allow New York to:

Expand the Money Available for Capital: The *final budget* includes \$1.2 billion to support health care infrastructure with approvals granted by the Public Authorities Control Board and reporting to the Legislature.

History: The **Executive Budget** added \$1.2 billion to support health care infrastructure. The **Assembly** modified the proposal to allow additional provider types to apply and added reporting requirements, while the **Senate** modified the proposal to require the Public Authorities Control Board to approve all awards, prior authorization by the Legislature, and annual report to the Legislature.

Improve Health Information Technology: The *final budget* includes \$55 million to support the Statewide Health Information Network of New York (SHIN-NY), \$10 million for an All Payer Claims Database and Medicaid Waiver money to support health information technology projects.

History: The **Executive Budget** continued operation of the SHIN-NY to facilitate the sharing and collecting of health care data. The Governor proposed a \$95 million investment for the operation of the SHIN-NY, and established a statewide electronic medical record system and an ALL Payer Claims Database. The Governor also proposed leveraging \$30 million from the Medicaid Waiver to support other Health Information Technology (HIT) projects. The **Assembly** decreased the Governor's proposed investment by \$15 million for the operation of the SHIN-NY and decreased it an additional \$10 million to support HIT projects. The **Senate** rejected \$55 million of the \$95 million for SHIN-NY operations.

The majority of the Medicaid Waiver money will support a new **Delivery System Reform Incentive Payment (DSRIP) program:** The DSRIP program is designed to align the objectives of the Medicaid waiver with projects in communities across New York State with the intent of stabilizing the State's health care safety net, realigning the State's delivery system, and reducing avoidable hospitalizations and emergency department use by 25% over the next 5 years. Major public general hospitals and Safety Net Providers that meet the to-be-determined criteria are eligible to apply for DSRIP funding. Applications will be expected to include a broad spectrum of community providers.

The **final budget** authorizes the State to award DSRIP contracts using an expedited review process which will include a panel of reviewers with health care expertise and no conflict of interest. Panel members will be appointed by the Department of Health with one member appointed by the NYS Senate and one member by the NYS Assembly. Additional reporting requirements to the Legislature via the Department's website are also required.

History: The **Executive Budget** authorized the State to award DSRIP contracts using an expedited process. Both the **Senate** and **Assembly** proposals gave the Legislature more authority in determining how the Medicaid waiver funds are to be distributed.

Schuyler Center will seek a strong definition for 'safety net' providers and criteria that includes the patient experience, transparency and accountability of providers, and payment in the approved waiver.

Medicaid Estate Recoveries: The *final budget* includes important changes that protect Modified-Gross Adjustment Income (MAGI) eligible Medicaid members by limiting estate recoveries against community-based Medicaid applicants who are over the age of 55 years to those requiring long-term care services only. The New York State of Health Marketplace will now be able to inform potential Medicaid enrollees over age 55 that they do not have to choose between keeping their home and getting health insurance.

History: Neither the **Executive Budget** nor **Senate** included this proposal in their proposals. The **Assembly** included it in their budget proposal.

Early Intervention: The *final budget* did not fix the problem of Early Intervention (EI) providers not receiving timely payments.

Due to delays in payment and reduced reimbursement rates, EI agencies have been forced to close and experienced EI providers have left the field. The State must ensure that there is a strong and efficient EI system to assure that the needs of young children can be met.

History: The **Assembly and Senate** budget proposals included language that would have required the State's fiscal agent to pay EI providers within 30 to 45 days, but this provision was stripped from the final budget. The **Executive Budget** did not address this issue.

Behavioral Health

The Governor's proposed budget included behavioral health investments that support the Medicaid Redesign Team's recommendations for behavioral health services. The investments are tied to the State's ongoing efforts to embrace managed care and redirect resources from institutional to community-based care. New York suffers from limited access to community-based behavioral health care across the state, so the success of these transitions hinge upon up-front investment in community-based care.

Reinvestment of Behavioral Health Savings: The *final budget* includes reinvesting some savings that accrue from transitioning behavioral health to managed care toward community reinvestment.

History: The **Executive Budget** proposed using some Medicaid savings that accrue from transitioning behavioral health to managed care into behavioral health services. The **Assembly** accepted the proposal and required annual reports to the Legislature detailing the amount of savings achieved and how the funds were allocated. The **Senate** accepted the proposal but required a reinvestment plan be submitted to the Legislature 30 days before the distribution of funds and a detailed annual report.

Regional Centers of Excellence: The *final budget* allocates \$25 million in savings from psychiatric bed and hospital closures to expand community services. There is also money to study community reinvestment and psychiatric hospital closure.

History: The **Executive Budget** dedicated \$25 million in savings resulting from psychiatric bed and hospital closures to expand community-based services. In an effort to reduce New York's over reliance on extended inpatient hospitalization for mental illness, the Executive Budget directed the Office of Mental Health (OMH) to begin the process of creating 15 Regional Centers of Excellence across the state for the diagnosis and treatment of complex behavioral health illnesses. The **Assembly** accepted the proposal while the **Senate** did not address the issue.

Juvenile Justice

The *final budget* funds the creation of the Commission on Youth, Public Safety and Justice. The Commission's purpose will be to make recommendations on how best to raise the age of juvenile jurisdiction, improve health, well-being, education and other outcomes for youth, and promote community safety. Currently, New York is one of two states that prosecute 16- and 17-year-olds as adults in the criminal justice system. Schuyler Center is part of a statewide coalition to ensure that children are treated as children and that New York creates a juvenile justice system that creates opportunities for youth (including developmentally appropriate education and counseling) and advances public safety.

We are waiting to hear more once the Governor appoints the Commission.

Economic Security

Tax actions are not focused on low- or moderate-income New Yorkers: The Governor proposed myriad tax reductions for corporations, manufacturers, high-income estates, and personal income. Unlike budget actions funded only for the budget year at hand, tax policy, once implemented, often remains in place in perpetuity. Most of the Governor's tax proposals grow significantly in future years, so tax reductions implemented this year will have a continued and increasing effect on the State's capacity to fund programs in future years.

The *final budget* includes the Governor's \$1.5 billion in Property Tax Relief in the form of a new Property Tax credit designed to incentivize local governments to share services and reduce their financial burden on the taxpayer. In the first year, New Yorkers who reside in jurisdictions who stayed within the property tax cap will receive property tax relief. The property tax cuts will be extended for a second year in jurisdictions which comply with the tax cap and have put forward a plan to save one percent of their tax levy per year, over three years. It is unclear how this property tax relief will impact jurisdictions with higher rates of low-moderate income residents.

In what the Governor's press release calls "Tax Relief for Renters and Low-Income Homeowners," the *final budget* includes a tax credit of up to \$500 for New York City renters and homeowners with incomes up to \$200,000. This will cost the State \$85 million in 2014-15.

The *final budget* also raises the threshold at which the Estate Tax must be paid, from \$1 million to \$5.25 million and keeps the top rate at 16%. The Governor's initial proposal included raising the threshold to \$5.25 million and reducing the top rate in stages from 16% to 10% at a cost of \$33 million in the budget year, growing to \$612 million in 2017-18.

History: The **Executive Budget** included several initiatives framed as relief from New York's "burdensome property tax." These include a property tax freeze as a personal income tax credit, a real property personal income tax credit, and a renter's personal income tax credit. The first two, designed to incentivize local government to consolidate and keep property tax increases to a minimum, would be tied to a jurisdiction's staying within the property tax cap. The **Assembly** rejected the Governor's property tax freeze proposal; accepted with modifications the Governor's property tax circuit break credit for low- and middle-income homeowners and renter's personal income tax credit; and repealed the minimum wage credit enacted in last year's budget. The **Senate** modified the Governor's property tax freeze/refundable personal income tax credit for homeowners and established "Freeze Plus" with \$400 million in year one, growing to \$1.2 billion thereafter. The

Senate rejected the Governor's property tax circuit break credit for low- and middle-income homeowners and renter's personal income tax credit.

Extend Noncustodial EITC for Two Years: The *final budget* accepts the Governor's proposal to extend through tax year 2016 the noncustodial Earned Income Tax Credit (EITC) at a State cost of \$4 million. The credit is available to noncustodial parents who pay child support for a qualifying child with whom they do not reside.

Public Assistance: The *final budget* did not include several proposals advanced in the Assembly one-house budget that would affect people receiving public assistance.

The Assembly:

- Proposed to allow participation in a four year post-secondary education program to count as work participation;
- Provided an exemption from work participation for households with an infant under the age of one when a district is unable to provide child care subsidies to all in need of them; and
- Proposed certain requirements of the local social services districts before imposing sanctions and a quick end to sanctions once issues have been rectified.

Neither the Governor nor the Senate offered changes.

Maternal and Infant Home Visiting

The *final budget* restores \$3 million for Nurse-Family Partnership, an increase over last year's restoration, and maintains funding for Healthy families NY at \$23.3 million. In addition, the Office of Children and Family Services' COPS and Children and Family Trust Fund, both of which support home visiting, were flat-funded.

History: The **Executive Budget** continued flat-funding for Healthy Families New York at \$23.3 million, and contained no appropriation for the Nurse-Family Partnership program. The **Assembly** added \$2 million for Nurse-Family Partnership. The **Senate** added \$3.5 million for Healthy Families NY and \$4 million for the Nurse-Family Partnership.

Child Welfare

Open-Ended Preventive Funding: The *final budget* does not include the Assembly's increase of the state share for preventive services to 63%. Localities use preventive/protective funding to prevent the need for foster care placements.

Localities are experiencing increased pressure on their local budgets and have a property tax cap to consider. Schuyler Center urged the State to re-assume the 65% state share, as provided in statute, so localities can serve more families.

History: The **Executive Budget** maintained funding for preventive, protective, adoption administration and services, independent living and after care services at 62% state, in spite of State statute requiring a 65% state share. This represents an allocation of \$635,073,000, similar to the 2013-14 budget. The **Assembly** increased the state share to 63% but the **Senate** did not address the issue.

Foster Care and Higher Education: The *final budget* increases the Tuition Assistance Program (TAP) award to \$5,165, up from \$5,000, and allows foster care youth to be considered dependents which will make them eligible for this higher TAP award. This proposal was proposed in the Assembly's budget but was not included in the Governor or Senate proposals.

Schuyler Center applauds the Governor and Legislative leaders for including this initiative in the final budget. It is a first step in assuring that all foster care youth have the supports and financial assistance they need to pursue higher education or job training. It is incumbent on all of us to support foster care youth in their transition to adulthood and assure they are on the path for success.

Kinship Caregiver Services: The *final budget* provides an additional \$500,000 in TANF funding for caretaker relative services resulting in an increase of \$399,000 over the amount in the 2013-14 budget for services to support relatives caring for kin outside the formal foster care system. These services were once funded at \$2.7 million.

History: The **Executive Budget** reduced funding for kinship caregiver services to \$338,750, a decrease of \$101,000 from the previous year's budget. The Assembly added \$500,000 in TANF funding which not only restored funding but offered an increase of almost 400% and the Senate did not address these services.

Youth

Summer Youth Employment: The *final budget* allocates \$27.5 million, which includes an additional \$2.7 million in funding to support youth ages 14 to 20.

History: The **Executive Budget** increased TANF funding for Summer Youth Employment programs by \$2.5 million for a total of \$27.5 million for youth ages 14 to 20. The Assembly accepted the Governor's proposal while the Senate did not address.

Youth Development Program: The *final budget* restores funding for the Youth Development Program to \$15.4 million with an additional \$1.286 million

History: The **Executive Budget** decreased Youth Development and Delinquency Programs by \$1,285,544 as compared to the enacted 2013-14 budget. Last year, the Legislature added this amount in budget negotiations. Both the **Assembly** and **Senate** restored the Governor's budget cut.

Other

Pay for Success/Social Impact Bonds: The *final budget* includes \$53 million for social impact bonds. These are private/public partnerships to fund outcomes-driven human services programs. New initiatives will be undertaken in the areas of early childhood development and child welfare, health care, public safety, and homelessness.

History: The **Executive Budget** allocated \$125 million, a significant increase over the \$30 million in the 2013-14 budget. New initiatives would be undertaken in the areas of early childhood development and child welfare, health care, public safety, and homelessness. Both the **Assembly** and the **Senate** reduced the Governor's proposal to \$23 million.