

Coverage of Albany and New York State government – January 13, 2012

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Governor Prepares to Release Proposed 2012-13 Budget

Governor Cuomo will release his Executive budget for the 2012-13 state fiscal year on Tuesday, Jan. 17 in Albany. The state Division of Budget (DOB) has asked agencies to identify spending reductions of 2.5% from their current year spending.

During negotiations over the current 2011-12 budget, the Governor and legislative leaders agreed to 4% increases in funding to public schools and for health care for the 2012-13 budget.

The state's 2012-13 fiscal year begins on April 1. Legislative budget hearings begin on Monday, Jan. 23. (The full schedule of legislative budget hearings is in the Coming Up section of this newsletter.)

Comptroller DiNapoli issued the [December 2011 cash report](#) this week, which found that tax collections through the first three quarters of the 2011-12 fiscal year were \$230.7 million below estimates. This is an indication that the projected budget deficit of about \$2 billion for 2012-13 may grow.

Governor's Nominees Approved for MTA, Thruway Authority, NYPA

On Monday the State Senate unanimously confirmed the Governor's nominees to run the Metropolitan Transportation Authority (MTA), Thruway Authority, and the New York Power Authority (NYPA).

Joseph Lhota was confirmed to serve as Chairman and CEO of the Metropolitan Transportation Authority (MTA). Lhota served as the New York City Deputy Mayor for Operations under former New York City Mayor Rudolph Giuliani, where he oversaw the city's day-to-day management. He also served as city Budget Director and Commissioner of Finance, and has been a Board Member of the MTA. He most recently served as the Executive Vice President, Administration for The Madison Square Garden Company.

Thomas Madison was confirmed as Executive Director of the New York State Thruway Authority. From 2008 to 2009, he served as Federal Highway Administrator at the U.S. Department of Transportation. He served as Commissioner of the New York State Department of Transportation from 2005 to 2007 after holding a series of administration and DOT positions between 1999 and 2005. He was most recently Vice President and Director of Transportation Policy at STV, Inc., a consulting firm specializing in design services and construction management for transportation systems and infrastructure projects.

Gil Quiniones was confirmed as President and CEO of the New York Power Authority. He joined the Power Authority in 2007, and has been serving as chief operating officer since June 2008. Before joining the Power Authority, he served as senior vice president of energy and telecommunications for the New York City Economic Development Corporation. He previously worked at Consolidated Edison and was one of four co-founders of Con Edison Solutions, the utility's energy services company.

Governor Calls Special Elections to Fill Legislative Vacancies for March 20

Governor Cuomo has [called for](#) Special Elections to be held on March 20 to fill five vacant legislative seats – four Assembly seats and one vacant Senate seat.

The special elections are to fill the [93rd Assembly District](#) in Yonkers (previously held by Democrat Michael Spano), the [100th A.D.](#) in the Hudson Valley (previously held by Republican Tom Kirwan), the [103rd A.D.](#) in the Hudson Valley (previously held by Republican Marc Molinaro), the [145th A.D.](#) (previously held by Democrat Mark Schroeder), and the [27th Senate](#) district (previously held by Democrat Carl Kruger).

A special election must be held within 70-80 days from the date it is called. Candidates are chosen by party leaders.

Democratic Senator Will Not Run Again

On Thursday, State Sen. Suzi Oppenheimer (D-Westchester) announced that she will not seek re-election this fall after serving 28 years in the Senate. Oppenheimer, 77, was considered one of the more vulnerable Senate Democrats after her narrow 2010 victory over Republican Bob Cohen.

The 37th Senate District covers parts of lower Westchester County, including parts of New Rochelle, Rye and White Plains. But the district lines are likely to change as part of redistricting this year.

Republican businessman Bob Cohen, who lost to Oppenheimer by about 700 votes in 2010, said he plans to run again this year. Democratic Assemblyman George Latimer (D-Rye) is expected to be the front-runner to seek Oppenheimer's seat.

Oppenheimer's retirement gives the Majority Republicans a chance to win an open seat as it tries to hold its slim 32-30 majority.

Legislative Redistricting Update

The once-a-decade process of redrawing district lines for the state's Assembly, Senate and Congressional lines is moving forward. The Legislature's [Task Force on Demographic Research and Reapportionment](#) drafts maps of state and federal legislative districts based on census data for consideration by the Legislature. The state will lose two of its 29 Congressional seats in 2013.

The Senate's Republican Majority said last week that they plan to add an additional seat to the 62 member chamber, arguing that a 63rd seat is necessary due to state population growth under a formula in the state constitution. (Read their analysis on the size of the Senate [here](#).)

On Tuesday, LATFOR formally agreed to use the previous residential addresses as the "homes" of 46,003 inmates and not the state prisons where they are confined.

Draft redistricting maps are expected to be released before the end of the month.

SUNY Chancellor Delivers State of SUNY Address

On Monday, SUNY Chancellor Nancy Zimpher delivered her second "[State of the University](#)" address, titled "Getting Down to Business."

The Chancellor reviewed SUNY's 2011 successes, which included the passage of a "rational tuition" plan and the commitment of state funds to SUNY Buffalo and other campuses. She called Governor Cuomo "SUNY's champion," and said that SUNY is prepared to work with his administration on his job creation goals.

She spoke of the concept of "systemness" – a collaborative effort system-wide to lower costs, improve productivity and stimulate the state economy – by bringing together students, faculty, staff, boards, councils, campuses, institutes, centers, etc., to meet SUNY's mission.

Chancellor Zimpher outlined a number of goals in her speech, including improving graduation rates, saving money by reducing the need for remedial education, and expanding online course offerings and paid internships. She said that while SUNY's state funding has been cut by \$1.4 billion over the last four years, the SUNY system is more stable financially than it was a year ago because the Legislature and Cuomo approved a five-year plan for annual tuition hikes.

Other initiatives outlined by Chancellor Zimpher include:

- All campuses will shift at least 5 percent of their administrative spending to academics and student services over the next three years;
- Community college graduates will be able to transfer to a four-year school without losing credits by the fall of 2013;
- OpenSUNY, an expanded online learning system, will be launched by the 2013 fall semester;
- A portion of total funding will be directed to campuses based on performance, while most will still be apportioned based on population and course requirements;
- SUNY will utilize data to ensure that program offerings meet workforce demands in the competitive global job market.

Attorney General Calls for Prescription Drug Tracking System

On Wednesday, state Attorney General Eric Schneiderman released a [report](#) on what he described as a prescription drug abuse epidemic, and called on the Legislature to pass his bill to create a prescription drug tracking system for the state.

Painkiller addiction has led to a nationwide surge in pharmacy robberies in which pills, rather than cash, are the target. This crime wave is of particular concern on Long Island, where two robberies last year resulted in six deaths.

Under the proposed legislation, the Health Department would put in place a real-time Internet-based tracking system, and give access to pharmacists and doctors. Physicians would be required to check a patient's prescription history and to report prescriptions of the most dangerous controlled substances when they are written. Pharmacists would be required to

confirm prescriptions of these drugs on the system before filling them, and filled orders would then have to be reported.

New York's current system requires pharmacists to report sales of controlled substances at least every 45 days. Prescriptions themselves are not tracked, and pharmacists cannot confirm the validity of a prescription unless they actually contact the doctor.

In a [statement](#), Attorney General Schneiderman said:

“The prescription drug abuse crisis in New York and across the country has reached epidemic proportions. Today’s report illustrates how this growing problem demands a better solution for both our health care providers and law enforcement officials to track the flow of potentially dangerous substances. Inaction is not an option.”

DEC Comment Period Closes on Natural Gas Drilling Rules

The State Department of Environmental Conservation (DEC) has received over 20,000 public comments, more than on any issue they have ever faced, on its proposal to [allow hydraulic fracturing for natural gas](#) in the state. Wednesday was the deadline for people to submit their opinions on a draft of the state’s environmental impact statement and proposed regulations governing hydraulic fracturing and horizontal drilling.

The hydraulic fracturing process uses a high-pressure blend of water, chemicals and sand to break up gas-bearing rock formations deep underground. Proponents say that the process is safe and will create thousands of jobs in the Southern Tier, while opponents claim the process threatens water and air quality.

Gas industry representatives want changes in the state’s proposed rules, criticizing them as overly restrictive and based on unrealistic worst-case situations. The [Independent Oil and Gas Association of New York](#), which represents more than 400 individuals and businesses in the industry, argues that the restrictions need to be eased so as not to limit development of gas wells and the economic benefits it says will result.

Environmental groups argue that the rules need to better address the disposal of wastewater that will result from the new drilling. They also want the state to undertake an assessment of potential health risks, and of the potential cumulative effects of multiple drilling sites on both humans and the environment.

In a [statement](#), State Environmental Commissioner Joseph Martens said:

“DEC has carefully studied this issue for nearly four years and we continue to study each and every issue associated with this activity. DEC’s number one

priority is to ensure conditions for high-volume hydraulic fracturing fully protect public health and the environment. If high-volume hydraulic fracturing moves forward in New York, it will move forward with the strictest standards in the nation to ensure New York's drinking water and other natural resources are thoroughly protected.”

Federal Report Criticizes New York on Care for People with Disabilities

A report issued by the federal Department of Health and Human Services this week criticized New York's oversight of the state [Commission on Quality of Care and Advocacy for Persons With Disabilities](#), which is supposed to be a watchdog over much larger state agencies that care for persons with developmental disabilities and the mentally ill.

[The report](#) says that the CQC lacks independence from the Governor's office, has failed to account for how it is spending public money and has failed to meet several requirements of federal law.

The report was prompted by [a series](#) of articles published in the New York Times last year that examined problems of abuse, neglect and financial mismanagement in the state's system of caring for persons with developmental disabilities.

New York City Mayor Delivers State of the City Address

On Thursday, New York City Mayor Michael Bloomberg delivered his State of the City Address in the Bronx. Much of his speech focused on the need to improve the city's schools.

Mayor Bloomberg proposed a \$20,000 pay increase for teachers who are rated highly effective two years in a row, and said that the city will move forward with a teacher evaluation system for 33 struggling schools that could result in the removal of half of the teachers in those schools. The United Federation of Teachers have not been supportive of the Mayor's education reform proposals in the past.

The Mayor also expressed support for Assembly Speaker Sheldon Silver's proposal to raise the state's minimum wage, promised to expand the city's recycling efforts, and he promised to push for New York State to enact its version of the Dream Act, to make children of illegal immigrants eligible for state-sponsored college assistance.

Counties Push for Mandate Relief in New Report

On Monday, the New York State Association of Counties (NYSAC) released a new [report](#) entitled “State Programs Funded by County Property Taxpayers” in support of their continued push for mandate relief.

The group says that nine state-mandated programs account for 90% of their tax levy. They are pushing for five mandate-relief proposals: a state takeover of county Medicaid costs over six years; pension reform; reforms to the pre-school special education program transportation costs funded by counties; requiring health-insurance companies to fund medically-necessary early intervention services; and timely reimbursement from the state for state services delivered locally.

NYSAC executive Director Stephen Acquario said:

“We believe 2012 is the year for state leaders to enact meaningful mandate relief that will provide counties the ability to stabilize property taxes, continue critical local services and promote the economic vitality of our communities.”

Gov. Cuomo announced last week that the new Mandate Relief Council will review mandate relief proposals and make recommendations before the legislative session ends in June.

Coalition Calls for Closing of Corporate Tax Loopholes

A coalition of groups that supported the extending the income tax surcharge on high earners are now urging the Governor and the Legislature to address corporate taxes.

The [coalition](#), which includes AFL-CIO, the Public Employees Federation, Strong Economy for All, Citizen Action and the Alliance for Quality Education, call themselves [99% New York](#). They are calling for a mix of enforcement actions and tax changes they say would make the state’s corporate tax structure fairer.

The coalition proposes:

- requiring better reporting of income by real estate partnerships
- reforming the state’s corporate Alternate Minimum Tax
- taxing nonresident hedge fund management fees
- eliminating the Carried Interest Exemption under New York City’s Unincorporated Business tax
- better enforcement of tax avoidance strategies that create “nowhere income”
- requiring publicly-traded companies to publicly disclose their corporate tax payments

Environmental Groups Release 2012 Agenda

A coalition of environmental groups, including Environmental Advocates of New York, the Adirondack Mountain Club, Citizens Campaign for the Environment, the Long Island Pine Barrens Society, Natural Resources Defense Council (NRDC), the New York League of Conservation Voters, and the Sierra Club release their top 10 state policy priorities for 2012.

The [2012 Green Playbook](#) includes the following agenda items:

- protecting against the negative impacts of hydraulic fracturing
- creating new incentive for the generation of solar energy
- setting a target for statewide greenhouse gas emissions
- strengthening the Regional Greenhouse Gas Initiative (RGGI)
- increasing the state's investment in public transit
- reversing budget cuts to the state's environmental agencies
- restore state appropriations to the state's Environmental Protection Fund
- impose a fee on disposable bags
- fix the Brownfield Cleanup program
- require the disclosure of toxic cleaning product ingredients

Unshackle Upstate Releases 2012 Policy Agenda

[Unshackle Upstate](#), a non-partisan, pro-taxpayer, pro-economic growth, education and advocacy coalition released its [2012 policy agenda](#) today.

The group applauds the enactment of a real property tax cap and adoption of a responsible, on-time state budget in 2011. For 2012, the group calls for further reductions in state and local spending; reducing taxes, fees and assessments; no additional state borrowing; reducing state-imposed mandates on businesses that drive up the cost of doing business; and reducing unfunded mandates on local governments and school districts that drive up local taxes.

Coming Up

Monday is Martin Luther King Jr.'s birthday, a state holiday.

The Governor will release his 2012-13 Executive Budget to the Legislature on Tuesday, Jan. 17 at 2 p.m. in the Hart Theatre, Egg Center for Performing Arts, Albany. The 2011-12 fiscal year ends on March 31, 2012.

The Senate and Assembly are in session next Wednesday and Thursday.

On Friday, Jan. 20, the Senate Standing Committee on Investigations and Government Operations is holding a [public hearing](#) in Manhattan “to examine executive compensation at not-for-profit organizations receiving State funding and the actions needed to prevent State tax dollars from being wasted on excessive salaries.”

The Legislative has released its [Public Budget Hearing Schedule](#) on the 2012-2013 Executive Budget Proposal. All hearings will be held in Hearing Room B of the Legislative Office Building in Albany:

Mon., Jan. 23	Elementary and Secondary Education
Tues., Jan. 24	Local Government Officials /General Government
Wed., Jan. 25	Workforce Issues
Thurs., Jan. 26	Transportation
Mon., Jan. 30	Public Protection
Tues., Jan. 31	Economic Development
Wed., Feb. 1.	Higher Education
Mon., Feb. 6	Taxes
Tues., Feb. 7	Environmental Conservation
Wed., Feb. 8	Health/Medicaid
Mon., Feb. 13	Human Services
Mon., Feb. 13	Housing
Tues., Feb. 14	Mental Hygiene

Friday, Jan. 27 at 4 p.m. is the deadline for applications to the state’s [Recharge NY program](#). Under this program, which is run by the New York Power Authority, businesses, hospitals and not-for-profit groups can apply for reductions in their electric bills.