

Coverage of Albany and New York State government – January 20, 2012

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Governor Releases Proposed 2012-13 Budget

On Tuesday, Gov. Cuomo unveiled his [\\$132.5 billion budget plan](#), which would cut overall spending by \$225 million and close a \$2 billion deficit without drastic cuts or new broad-based taxes, fees or borrowing. The new tax bracket approved last month for those earning over \$1 million a year will help close part of the projected deficit.

Education and health care spending would each rise by 4%, while funding for state agencies would remain roughly the same. The Governor proposed some mandate relief, largely through a new pension tier, and education reforms that tie increased funding to a teacher evaluation system.

The Executive Budget proposal also lays the groundwork for a multi-billion dollar economic development program that would be funded largely by leveraging billions in private sector investment. The budget includes a new round of \$200 million in competitive resources for the Governor's Regional Economic Development Councils. Of this total amount, \$130 million is capital funding included in the New York Works program and \$70 million comes from Excelsior Tax Credits.

The Governor and his top appointees have been traveling throughout the state, providing public presentations on his budget proposal.

The Governor has launched an interactive web site (www.NYGetInvolved.com) to educate and build public support for his plan. The web site highlights job creation, pension reform, reducing the cost of government, education reform, expansion of the state's DNA databank and eliminating the requirement that food stamp applicants be fingerprinted. The site is expected to be updated as the budget discussions advance.

The Governor's proposal is also being supported by the [Committee to Save New York](#), a business lobbying coalition that spent more than \$11 million last year supporting the Governor.

Over the next several weeks, the Legislature will review the budget proposal in a series of [joint public hearings](#) by issue area, and then negotiations with the Governor usually commence. The Governor also has a period of time – up to 30 days – during which he can revise his formal budget proposal by submitting amendments.

The 2007 Budget Reform Act mandates the use of conference committees as part of the legislative budget process. These conference committees, which have been used in various forms in the past, must now be formed early in the process to facilitate agreement on a budget between the two houses. The two houses ultimately develop joint recommendations, amend the Governor's proposed bills to reflect their decisions, and pass the amended bills.

If the Governor does not agree with the Legislature's changes to his proposal, he may exercise his veto authority. The 2012-2013 budget year begins April 1, 2012.

Governor Appoints Environmental Advisor

Governor Cuomo has appointed Robert Hallman as his Deputy Secretary for the Environment.

Hallman has served as chairman of the [New York League of Conservation Voters](#) for the last three years, and has served on its board for a decade. He was a partner with the Manhattan law firm of Cahill Gordon & Reindel, and served on the Cuomo transition team in 2010.

At his law firm, Hallman specialized in environmental law, national and international, including transactional, compliance and litigation, and energy regulatory matters, including permitting; enforcement proceedings; energy facility siting; environmental impact analyses; climate change; carbon trading; and development of alternative energy projects.

Hallman also has experience in state and federal government. He served as a deputy commissioner and general counsel at the state Department of Environmental Conservation, was a deputy general counsel at the U.S. Department of Energy, as a deputy counsel at the [New York City Environmental Protection Administration](#), and was a counsel for energy and environment at the state Assembly.

Governor Issues Executive Order Limiting Administrative Costs, Executive Compensation for State-Funded Service Providers

On Wednesday, Governor Cuomo issued [Executive Order #38](#), which is intended “to limit spending for administrative costs and executive compensation at state-funded service providers.” The Governor’s actions are based on the premise that State funding should be used to provide direct care to people, rather than for “excessive administrative costs and outsized compensation for their senior executives.”

Also this week, the Governor proposed similar language in his Executive Budget.

Last August, the *New York Times* [highlighted](#) high salaries at nonprofit organizations that provide Medicaid-financed services to developmentally disabled New Yorkers. There are currently no state rules governing executive or administrative compensation for not-for-profits that receive state support.

In the wake of the *Times* story, the Governor [announced](#) the creation of a task force “to investigate the executive and administrator compensation levels at not-for-profits that receive taxpayer support from the state.” The task force reached out via [letter](#) to hundreds of nonprofit organizations that receive state money requesting details about how much they pay their executives.

There are many questions relating to the breadth of the Executive Order and the proposed budget, and exactly how the Administration plans to carry this directive out. Under both, agencies would have to issue regulations.

Hinman Straub has begun an review of both the Executive Budget proposal and of Executive Order #38, as these new requirements could have wide-ranging impacts. We plan to issue a summary review of these measures shortly.

The Senate Investigations and Government Operations Committee is holding a [public hearing](#) “[t]o 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 in Albany on Feb. 6.

Senate Confirms Commissioner of the DHSES

On Wednesday, the State Senate unanimously [confirmed](#) Jerome Hauer as Commissioner of the Division of Homeland Security and Emergency Services (DHSES)

Hauer was CEO of the Hauer Group, a consulting firm that provides “customized emergency management solutions” to public and private clients. He also served as a Co-Chair of the

homeland security practice of Fleishman-Hillard Government Relations, and as Acting Assistant Secretary for the Office of Public Health Emergency Preparedness at the U.S. Department of Health and Human Services, and as Director of the Office of Emergency Management in New York City from 1996-2000.

Preview of Upcoming Special Elections

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

In the [93rd Assembly District](#) race in Yonkers (which was previously held by Democrat Michael Spano, who now serves as Yonkers Mayor) Democrat Shelley Mayer, Republican Donna Nolan and Conservative Vincenza Restiano. Mayer is a former lobbyist and Counsel to the Senate Democratic Conference, Nolan is a 9/11 advocate, and Restiano is the former Yonkers City Council President.

In the [100th A.D.](#) race in the Hudson Valley (which was previously held by the late Republican Tom Kirwan), Republican Dutchess County Legislator John Forman will face Democrat Frank Skartados. Skartados held the seat in 2009 and 2010.

In the [103rd A.D.](#) race in the Hudson Valley (which was previously held by Republican Marc Molinaro, who is now Dutchess County Executive), Republican Rich Wager of Millbrook faces Millbrook resident Didi Barrett.

In the [145th A.D.](#) race in Erie County (which was previously held by Democrat Mark Schroeder, who now serves as Buffalo Comptroller), Republicans have nominated Michael Kearns to run against Democrat Christopher Fahey. Kearns, a registered Democrat, currently sits on the Buffalo City Council. Fahey is the deputy chief of staff to Congressman Brian Higgins.

In the Senate's [27th district](#) in Brooklyn (which was previously held by Democrat Carl Kruger, who has been convicted of corruption charges), Republican [David Storobin](#) faces off against Democratic Lew Fidler. Fidler currently sits on the New York City Council; Storobin practices law. The Senate Republicans currently hold a 32-29 majority in that body.

Congressman Hinchey Will Not Run Again

Yesterday, 20-year veteran [Congressman Maurice Hinchey](#) announced that he will not run again this fall. Hinchey, a progressive Democrat, represented the 22nd Congressional District that stretches from the Hudson Valley west to Binghamton and Ithaca.

With New York State losing two Congressional seats this year, Hinchey's announcement is expected to make the congressional redistricting process somewhat easier, at least for the Democrats.

State To Receive \$93 Million in Federal Grants for Disaster Relief

Earlier today, Gov. Cuomo [announced](#) that New York State will receive over \$93 million in disaster relief to help communities that were hit hard by Hurricane Irene and Tropical Storm Lee. The funds are for disaster relief, long-term recovery, and restoration of infrastructure, housing, and economic revitalization in counties that received a disaster declaration in 2011.

Congress recently appropriated \$400 million for disaster relief through the Community Development Block Grants Disaster Relief (CDBG DR) program. New York State had disaster declarations issued in 48 of its 60 counties last year, and will receive a total of \$93 million in CDBG DR funding,

Reports: NY Courts Suffer Due to Budget Cuts

Two reports were issued this week detailing the impact of budget cuts on the state's court system. The state cut the Judiciary's budget by \$170 million in the 2011-12 fiscal year. The cuts came while the state's court system saw a 12% increase in the total caseload over the past decade.

On Wednesday, the NYS Bar Association [found that](#) "The impact of reductions in funding for New York State courts during the 2011-2012 year has been substantially harmful and far-reaching." Their report was based on interviewing and surveying judges, attorneys and bar members from across the state.

On Thursday, the New York County Lawyers' Association [released a report](#) based on an electronic survey of lawyers, judges, court staff and the public. The group concludes that "it seems irrefutable that there has been a significant decline in access to justice as a direct result of the budget cuts, with serious due process implications."

The Office of Court Administration's (OCA) proposed 2012-13 \$2.3 billion spending plan would cut an additional \$19 million from the current year's budget. The budget proposal has been [praised by Gov. Cuomo](#), who last year criticized OCA for failing to make sufficient cuts in its initial proposal.

Coming Up

The Senate and Assembly are in session next Monday and Tuesday.

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.

On Monday, Feb. 6, the Senate Investigations and Government Operations Committee is holding a [public hearing](#) “[t]o 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” in Albany at 1:00 p.m.

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