

MEDIA ADVISORY

For Immediate Release

November 5, 2009

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Advocates Join Together to Decry Mid-Year Budget Cuts in Governor's DRP Urge Legislature to Look at Other "Less Painful" Alternatives

(Albany, N.Y.) A diverse coalition of statewide organizations joined together today to urge the Governor and the Legislature to explore alternatives to cutting funding for a variety of programs and services mid-year as proposed in the DRP. In response to the Governor's statement that his proposed cuts will be painful, the coalition has developed a set of "less painful" options and is urging states lawmakers to examine the states spending priorities in the context of the forthcoming budget process. The coalition includes statewide organizations that advocate for the interests of students, Medicaid recipients, the elderly, the disabled, the poor, the hungry and needy children.

The coalition urged the Governor and the Legislature to examine other choices before slashing important programs and services that will inevitably hurt vulnerable New Yorkers and do more harm than good to New York's already fragile economy. The coalition praised the Senate and Majority Leader Sampson for being among the loudest voices against the harmful cuts proposed by the Governor.

"The Governor and the legislature clearly have better choices than cutting essential programs and services mid-year. These cuts would be devastating. First and foremost, we should use our reserve funds as they were set aside for this specific purpose," stated **Ron Deutsch, Executive Director of New Yorkers for Fiscal Fairness**. Deutsch noted that the state has some \$1.5 billion in reserve funds set aside specifically for mid-year shortfalls. "Using our reserve fund is the most logical choice to make. It will protect services and jobs that we can simply not afford to lose right now."

According to the Fiscal Policy Institute, New York State has lost 253,000 jobs since August 2008, including over 23,000 in the government sector. There are nearly 850,000 New Yorkers unemployed, twice the number that were unemployed at the end of 2007.

Frank Mauro, Executive Director of the Fiscal Policy Institute said, "The Governor has argued that making these cuts will "prime" the state for the economic recovery. The Governor should acknowledge that his plan, if adopted and implemented as proposed, would definitely delay the recovery for which he is proposing to "prime" the state. There is no way to take \$2.26 billion of demand out of the state's economy on such a precipitous basis without disrupting and slowing down the recovery from the current recession. Making such cuts will prolong the downturn as similar budget policies did in the early 1990s."

Coalition members went on to comment on the human impact of the Governor's proposed \$1.8 billion in state spending cuts: \$500 million in cuts in state agency budgets; \$1.3 billion in local assistance cuts, including \$480 million less in aid to school districts (\$223 million of that in New York City); and \$287 million less in Medicaid reimbursements to health care providers. In addition, the Governor proposes to reduce state aid to school districts by another \$206 million during April, May and June of next year. Under the Governor's proposal, school districts would lose a total of \$686 million during the 2009-2010 school year already well underway.

"This year the state flat out failed to provide students with a single penny of the promised Campaign for Fiscal Equity funding. The Governor's proposal to cut \$686 million from education, in the middle of the year, will compound the state's broken promise to schoolchildren across the state. We are relying on the legislature to stand up for students by rejecting the governor's cuts," said **Nikki Jones, Alliance for Quality Education Communications Coordinator**.

Reducing state spending on Medicaid by \$287 million in just the next five months means that New York's health care providers will lose \$747 million in reimbursements – since the federal government, under the Obama stimulus package, is now funding nearly 62 percent of New York's Medicaid spending.

Lara Kassel of Medicaid Matters is very concerned that "Sweeping, across-the-board cuts in Medicaid would result in immediate impact to consumers because the community-based, safety-net providers people need to keep them healthy would be devastated. We understand the magnitude of this fiscal crisis, but balancing the budget by threatening the health, safety and dignity of low-income New Yorkers is not the answer."

Education and health care are not the only programs on the chopping block. The Governor's cuts include many programs that serve the poor, disabled, seniors and hungry New Yorkers. The coalition argued that many of the cuts proposed by the Governor would have severe impacts on vulnerable population in New York State.

"The Deficit Reduction Plan includes a shocking 207 cuts specifically targeting people with disabilities and the elderly who are living in deepest long-term poverty. These cuts will inflict real pain and jeopardize the stability of the most vulnerable people in the community. The cuts put people at risk of dehumanizing institutionalization and put taxpayers at risk of having to spend a lot more both today and tomorrow," stated **Susan M. Dooha, J.D., Executive Director of the Center for Independence of the Disabled in New York**.

Justin Cunningham, Executive Director of Statewide Senior Action Council stated that, "The Governor's proposed \$11.4 million reduction to SSI will devastate low income seniors and the disabled community. In New York State, a total of 600,000 people are beneficiaries of SSI. This program's intention is to provide a supplement that will bring low income seniors and the disabled up to the poverty level. The federal government grants a portion with an automatic Cost of Living Adjustment every year. However, New York State has not increased the state portion in over 20 years, and so, SSI beneficiaries in NYS have been slipping further below the

poverty level every year. For the year 2009, a person living alone who lives on SSI in NYS receives \$761 monthly. This equals \$9,132 annually. The 2009 Federal Poverty Level is \$10,400. This means that SSI recipients receive \$1,268 less than what poor people live on. These are truly the poorest of the poor. The Governor's \$11.4 million cut represents at \$12 month reduction to SSI recipients. Not only is it unfathomable to balance a budget on the backs of people who are clearly in no position to fend for themselves – the frail elderly and the disabled – but it sets an unacceptable precedent for years to come. This benefit should be enhanced to bring its recipients up to the poverty level, not to impoverish them further.”

“New York Children’s Action Network is deeply concerned about across the board cuts. New York needs to make thoughtful decisions, placing an emphasis on not hurting children and their families,” stated **Karen Schimke, Executive Director of the Schuyler Center for Analysis and Advocacy.**

“The state's current budget crisis is primarily a revenue problem, not a spending problem. While the current recession has curtailed the state's revenues, the far bigger problem is the annual \$16 billion in tax cuts for the wealthy enacted since the Pataki years. Rather than slicing away at the state's safety nets while we have record numbers of New Yorkers going hungry, Governor Paterson needs to have the courage of his convictions and support making the wealthy bear a fairer share of the tax burden. Instead of taking food out of the mouths of hungry children, lawmakers should hold Wall Street financial speculators accountable for their misdeeds by halting the \$9 billion annual rebate of the stock transfer tax,” said **Mark Dunlea, Executive Director of the Hunger Action Network of NYS.**

“The Governors Deficit Reduction Plan includes a total of \$1.2 million in cuts that will directly impact civil legal services providers. The cuts come at a time of unprecedented demand for legal assistance and impending financial crisis as the primary state funding source for civil legal services, the IOLA fund, looks at cutting funding levels dramatically due to dismal interest rates. We call on the legislature to stand strong and reject these short sighted cuts which will only result in increased administrative and social safety net costs to the State” said **Kristin Brown Lilley, Director of Legislative Advocacy for the Empire Justice Center.**

In terms of economic impact, the Governor’s proposed cuts would cost New York’s economy \$2.26 billion in direct spending over the five months through the end of March 2010. According to the Coalition’s calculations, that translates into tens of thousands of jobs in public schools, colleges, hospitals, senior centers, youth programs, nursing homes, and home care agencies, as well as jobs at private companies that sell goods and services that are either directly or indirectly paid for with state budget dollars. Spending reductions and job losses of this magnitude would seriously hamper New York’s economic recovery.

The coalition believes that the other \$1.2 billion in budget balancing actions that the Governor is proposing for this year should be adopted, arguing that those actions would not have the negative impacts on the economy of the \$1.8 billion in real cuts in local assistance and state operations being proposed by the Governor.