



CITIZENS UNION
NEW YORK STATE BUDGET REFORM REPORT CARD: 2007-2009
November 5, 2009

Citizens Union in December 2008 released its Issue Brief and Position Statement on New York State Budget Reform, believing that additional budget reforms were needed beyond those enacted in 2007 if New Yorkers were to hold its state government accountable and trust in the decisions it makes – especially in difficult fiscal times when tough decisions needed to be made about taxes and spending. The recommended reforms were rooted in three principles: 1) enhancing budget integrity; 2) improving budget transparency; and 3) increasing the efficiency of the budget process. Nearly one year later as the state grapples further with difficult fiscal choices, Citizens Union, with this report card, reviews what has changed and what has not, and once again urges the Governor and Legislature to enact these necessary reforms to the budget process.

Citizens Union’s recommendations build upon the modest budget reform bill that was signed into law in early 2007, which represented incremental steps toward a more transparent budget process. These reforms included, among other items, “quick-start” budget discussions and a March 1st deadline for revenue consensus; itemization of certain lump-sum appropriations and prohibition of legislative lump-sum additions; a requirement for the legislature to pass rules regarding the formation of joint conference committees and issuance of a schedule of dates for public hearings and meetings; provision of fiscal impact statements on legislative changes before any vote; executive multiyear financial plans; and authorization of a new “Rainy Day” fund at up to three percent of General Fund spending.

This report card measures state government’s progress, or lack thereof, in implementing the 2007 reforms, as well as lays out additional actions needed to reform the budget process. While some progress was made in 2007, the report card finds mixed reviews for implementation of the 2007 reforms and little action since to improve upon them. There was increased legislative deliberation in the 2009 budget process through the use of fewer messages of necessity and the early release of the Executive Budget in December 2008; however, there have also been setbacks, with conference committees not being formed and leadership continuing to dominate the process. Concerning discretionary funds, while some improvements have been made, there needs to be greater transparency of allocations both pre and post budget adoption. New York still lacks an independent budget office at the state level to conduct economic analyses and provide nonpartisan projections of the state’s revenues and expenditures, including most importantly those of public authorities. The public also remains in the dark regarding the budget, with budget documents that are overly complicated and a process that is opaque. The report card below contains a review of the 2007 reforms, subsequent actions in 2008 and 2009, and lastly, Citizens Union’s recommendations for reforms going forward.

KEY



Thumbs up – progress was made



Thumbs down – reforms were ignored or process continued to be broken (text in italics)



Mixed - some progress, but more work to do



Further action needed

REFORM	BUDGET REFORMS OF 2007	ACTION IN 2008	ACTION IN 2009	CITIZENS UNION RECOMMENDATIONS
<p>Use of Conference Committees to Resolve Budget Differences between the Senate and Assembly</p>	<p> State law was amended to require that the legislature adopt joint rules to establish joint budget conference committees.</p> <p> The Senate and Assembly adopted joint rules establishing conference committees.</p>	<p> Conference committees were used to reconcile some of the different budget proposals of each house.</p>	<p> <i>No conference committees were formed – meaning that there was no public discussion of smaller pieces of the budget. The legislative leaders’ meeting, therefore, was the only forum where the budget was publicly discussed and that was only of large budget items.</i></p>	<p><input checked="" type="checkbox"/> Enact a law to explicitly require the creation of joint conference committees and joint public conference committee meetings.</p>
<p>Increased Legislative Deliberation</p>	<p> Law amended to require earlier budget discussions among the Executive, Assembly and Senate in November; March 1st deadline for revenue consensus between the three parties and empowered the Comptroller to issue a binding forecast if no agreement reached.</p> <p> Law amended to require the governor to make all practical efforts to submit all budget amendments within 21 days after the submission of the Executive Budget.</p> <p> <i>Reforms did not alter the total amount of time available for legislative evaluation of the executive budget.</i></p>	<p> Governor Paterson made all executive budget amendments within the required 21 day period.</p> <p> <i>Short period of time for legislative review of executive budget.</i></p> <p> <i>Nearly all final budget bills votes occurred on the day of introduction meaning rank-and-file members had little time for review.</i></p>	<p> Governor Paterson released executive budget early in December allowing more time for legislative deliberation.</p> <p> <i>Amendments to the executive budget were not made within 21 days.</i></p> <p> <i>With no conference committees formed, rank-and-file members had little input into each house’s proposed budget bills, and the process was seen as leadership driven and the most secretive in recent memory.</i></p> <p> Legislators had three days to review the majority of final budget documents; however, this timeframe may not have been sufficient for legislators to fully read or analyze bills prior to passage.</p>	<p><input checked="" type="checkbox"/> Establish a later start date for the fiscal year which would also result in a more accurate counting of tax receipts.</p> <p><input checked="" type="checkbox"/> There should be full public availability of all final budget bills before a scheduled vote that will allow sufficient time for analysis, discussion, and debate, as well as provide better opportunities for public participation and review by rank-and-file members.</p>

REFORM	BUDGET REFORMS OF 2007	ACTION IN 2008	ACTION IN 2009	CITIZENS UNION RECOMMENDATIONS
<p style="text-align: center;">Discretionary Funding/Member Items</p>	<ul style="list-style-type: none">  State law was amended to require that member items be itemized in resolutions if not in budget bills.  No requirement that legislator's names be listed with their sponsored member items in appropriations bills.  No requirement for equitable distribution of member items. 	<ul style="list-style-type: none">  No listing of legislators' names with sponsored member items in appropriations bills or resolutions.  Member items distributed inequitably to members. 	<ul style="list-style-type: none">  Senate passed member items as a resolution after the normal budget process had concluded, but released member items in a user-friendly spreadsheet format that allowed for analysis.  Assembly adopted member items as part of the normal budget process, but released listing of member items in a large PDF that is not user-friendly and difficult to analyze.  No listing of legislator's names with sponsored member items in appropriations bills or resolutions.  Senate Rules enacted on July 15th for the first time codified a ratio that allows for the majority conference to control up to 66% of member items. Although this ratio is very disproportionate, it is an improvement over the historic funding ratio. 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Sponsoring legislators' names should be listed along with the itemized member items they sponsored in budget appropriation bills during the normal budget process before they are passed. <input checked="" type="checkbox"/> Member items should be equitably distributed to all members.

REFORM	BUDGET REFORMS OF 2007	ACTION IN 2008	ACTION IN 2009	CITIZENS UNION RECOMMENDATIONS
<p>Use of Messages of Necessity¹</p>	<p> <i>Budget reforms did not address messages of necessity.</i></p>	<p> <i>Messages of necessity were used in both houses for nearly all budget bills, excluding the debt service appropriation bill and the revenue article VII bill.</i></p>	<p> Fewer messages were used than in previous years, but no documentation of the need for such messages was provided. Messages were used two times, during a special session of the Legislature in February to close the budget gap, and once during the normal budget process in April.</p>	<p><input checked="" type="checkbox"/> The use of messages of necessity should be limited to when it is evident that a delay in the Legislature's action would have significant adverse consequences and the governor presents documentation of such need.</p>
<p>Use of Performance Budgeting to Tie Funding with Results</p>	<p> <i>Budget reforms did not address performance budgeting.</i></p>	<p> Most state funds lack any real measure of performance and accountability for their usage.²</p>	<p> Most state funds lack any real measure of performance and accountability for their usage.</p>	<p><input checked="" type="checkbox"/> Performance budgeting and outcome measurement should be used to help policymakers determine whether programs are meeting stated goals and promote a more rational appropriation of state funds.</p>
<p>Creation of an Independent Budget Office</p>	<p> <i>In spite of several legislative proposals, no reforms were enacted.</i></p>	<p> <i>In spite of several legislative proposals, no reforms were enacted.</i></p>	<p> <i>In spite of several legislative proposals, no reforms were enacted.</i></p>	<p><input checked="" type="checkbox"/> An independent budget office should be established to conduct economic analyses and provide nonpartisan projections of the state's revenues and expenditures.</p>

¹ Messages of necessity are issued by the Governor to allow bills to be passed immediately without aging for three days.

² Performance measurement was used in 2008 and 2009 through the Contracts for Excellence for state education aid, which sought to tie funding to student performance.

REFORM	BUDGET REFORMS OF 2007	ACTION IN 2008	ACTION IN 2009	CITIZENS UNION RECOMMENDATIONS
<p>Lump-sum Appropriations</p>	<p> Law amended to require itemization of funds for Temporary Assistance for Needy Families (TANF), Medicaid, Environmental Protection Fund.</p> <p> <i>Loop-hole remains to allow lump-sum appropriations in budget legislation provided they are itemized in resolutions passed outside of the normal budget process.</i></p> <p> <i>No criteria established for distribution of or reporting required for lump-sum appropriations.</i></p>	<p> <i>No criteria for distribution of or reporting required for lump-sum appropriations.</i></p> <p> <i>Lump-sum appropriations used for member items and other programs.</i></p> <p> <i>Reappropriations of past years' funds contain lump-sum appropriations.</i></p>	<p> <i>No criteria for distribution of or reporting required for lump-sum appropriations.</i></p> <p> <i>Lump-sum appropriations used for member items in the Senate and other programs.</i></p> <p> <i>Reappropriations of past years' funds contain lump-sum appropriations.</i></p>	<p><input checked="" type="checkbox"/> Lump-sum appropriations should disclose the detailed purposes and criteria set forth for their distribution.</p> <p><input checked="" type="checkbox"/> There should be regular reporting on lump-sum appropriations that includes detailed information regarding funds distributed and their recipients, and remaining funds;</p> <p><input checked="" type="checkbox"/> A time limit for the reappropriation of lump-sums should be instituted to decrease slush funds and the use of such funds as “one-shot” budget gap fillers.</p>
<p>Increase Integrity in Budgeting</p>	<p> Law amended to require fiscal impact statements on legislative changes before any vote, executive multiyear financial plans, monthly cash flow projections, and assessment of impact on local governments and state workforce levels.</p> <p> <i>Reforms did not require budget documents to list the full financial obligations of the state with regard to public authorities.</i></p>	<p> <i>No fiscal impact statements or summary documents were used for legislative changes to the budget prior to adoption.</i></p>	<p> Detailed fiscal impact statements and summary documents were used for legislative changes to the budget prior to adoption.</p>	<p><input checked="" type="checkbox"/> The Governor should submit a budget presentation book that contains a complete and clear financial picture of state operations and fiscal responsibilities, including those of public authorities.</p> <p><input checked="" type="checkbox"/> Budget presentations should include information regarding tax expenditures projected under current law; and off-budget items which are financial obligations of the state, but not currently presented as part of the state's budget.</p>

REFORM	BUDGET REFORMS OF 2007	ACTION IN 2008	ACTION IN 2009	CITIZENS UNION RECOMMENDATIONS
<p>Transparency of Budget Process and Ease of Public Understanding</p>	<p> Law amended to require the legislature to issue a budget schedule for: (a) public hearings, (b) joint budget conference committees and (c) the issuance of final reports.</p> <p> Reforms did not address user-friendliness of budget documents.</p>	<p> <i>A schedule of dates was set for public hearings and meeting, but hearings and meetings were postponed without prior public notice and information about rescheduling.</i></p> <p> <i>The budget was passed via the usage of messages of necessity which provided no opportunity for the public and rank-and-file legislators to thoroughly review the proposals before final adoption.</i></p> <p> <i>Format and presentation of budget bills and other documents was not user-friendly for legislators or the public, and most budget bills were hundreds of pages. The executive budget summaries provided only broad overviews, and documents were not provided in formats that allowed for independent analysis.</i></p>	<p> Governor Paterson created a website, reducenyspending.gov (no longer active), which aimed to engage and inform the public about the state's fiscal condition and his budget proposals.</p> <p> <i>Joint conference committees were never formed, meaning that the public had little knowledge of budget discussions or opportunity to weigh in on funding decisions.</i></p> <p> <i>The public had only three days (the same time as legislators) to review the majority of final budget documents, which is insufficient given the complexity and length of budget documents.</i></p> <p> <i>Format and presentation of budget bills and other documents were not user-friendly and budget bills were often hundreds of pages. The executive budget summaries provided only broad overviews, and documents were not provided in formats that allowed for independent analysis.</i></p>	<p><input checked="" type="checkbox"/> There should be 24 hour advance notice prior to cancellation of budget hearings and meetings.</p> <p><input checked="" type="checkbox"/> All budget documents should facilitate and encourage public and legislative review by being presented in user-friendly and consistent formats.</p> <p><input checked="" type="checkbox"/> The Legislature should present changes to the Governor's appropriations bills in a comparable format with updated financial plan tables and projections.</p> <p><input checked="" type="checkbox"/> The adopted budget bills should be reported in the same format as proposed in the executive budget presentation.</p>