



**TESTIMONY**

**OF**

**JOAN SIEGEL**

**SENIOR POLICY ASSOCIATE  
HEALTH AND MENTAL HEALTH**

**PRESENTED TO THE**

**NEW YORK STATE SENATE FINANCE COMMITTEE**

**AND**

**NEW YORK STATE ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**REGARDING THE**

**NEW YORK STATE EXECUTIVE BUDGET PROPOSALS FOR**

**HEALTH**

**STATE FISCAL YEAR 2009-2010**

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Good Morning. My name is Joan Siegel and I am the Senior Policy Associate for Health and Mental Health at Citizens' Committee for Children of New York (CCC). CCC is a 65- year old privately supported, independent, multi-issue child advocacy organization. CCC does not accept or receive public resources nor do we provide direct service or represent a sector or workforce; rather for 65 years we have undertaken public policy research, community education and advocacy activities to draw attention to what is or is not for working for children in New York and to advance budget, legislative, and policy priorities—all with the goal of ensuring that children are healthy, housed, educated and safe. I would like to thank Chairman Farrell and Chairman Kruger and members of the Assembly Ways and Means and Senate Finance Committees for this opportunity to testify on the Governor's Executive Budget for Fiscal Year 2009-2010.

It is clear that New York's troubled economy and staggering budget deficit demand acute attention in a way that none of us have seen since the Great Depression. While all New Yorkers are reeling from the downturn, few are likely to be hit harder than poor children and their families. While the SFY10 Executive Budget attempts to address both the revenue and expense sides of the budget ledger, we do not believe that it goes far enough to protect the neediest New Yorkers from shouldering a disproportionate burden. The Executive Budget has put badly needed revenue on the table, through a long list of fees, fines and taxes, but fails to advance the most equitable and least painful means to raise revenue-- increasing personal income taxes on New York's highest earners. CCC's recently commissioned poll, taken to gauge New Yorker's support for certain taxes, found that 73% of New Yorkers support income tax increases on individuals earning \$250,000 or more a year over reductions in government services. The poll also found broad support for increasing taxes on sugar sweetened beverages and alcohol when a portion of the revenue raised from the taxes would be reinvested in prevention programs to combat obesity and substance abuse (72% and 74% respectively).

We urge the legislature to negotiate a budget that uses fairness and equity as a guiding principle and thus enacts progressive personal income tax reform and tax policies that support improved public health. We are wary of many of the fee and fine proposals that are regressive and in particular, we are very concerned that implementing parent fees for Early Intervention and increasing the fees for Child Health Plus may be a deterrent to enrollment and receipt of critical services for children in need.

Turning to the expense side of the budget ledger, despite some desperately needed protections for New York's neediest - such as an increase in the public assistance grant, expansion of health insurance coverage to older youth, and preservation of uncapped funds for child abuse and neglect prevention - the Executive Budget relies heavily on cost shifts to local governments and focuses on closing budget gaps as short term gains rather than as long term investments that could ultimately reduce costs and produce better outcomes for children. The proposed cuts to cost effective programs, such as home visiting, homelessness prevention, child abuse prevention, youth programs and childcare, will be costly to the state in the long run.

There are several cost shifts to localities that are also of profound concern. Specifically, the Executive Budget proposes to eliminate the Aid to Municipalities (AIM) for New York City at a cost to the city of over \$300 million and proposes to shift significant preschool special education costs to counties (over \$70 million for New York City alone). In addition, the proposed changes to the Flexible Fund for Family Services (FFFS) will create significant cost-shifts, increase competition among social service programs, and limit state support at a time of increased need.

The Executive Budget also fails to redirect even a small portion of funding saved into programs that would reduce the need for more costly interventions. To that end, while we support the Executive Budget proposal to close and consolidate underutilized juvenile placement facilities, we are dismayed at the failure to reinvest some of those savings into community based alternatives that prevent teens from entering the system in the first place.

Turning to the **Health** budget, CCC is pleased that even in this difficult budget time, the state is building upon its commitment to ensure that all New York's children have health insurance. First, CCC supports the Governor's proposal to equalize Medicaid and Family Health Plus for children and young adults ages 1 to 29. Equalizing coverage will mean that school age children will not have separate coverage from their younger siblings and will not risk losing their medical providers when they turn 6 years old. It also means that 19 and 20 year old youth who do not reside with their parents can obtain health care coverage. In addition, expanding the eligibility to 160% of gross income of the federal poverty limit means more children and youth will qualify. Finally, the proposal to allow dependents up to age 29 to buy into health care coverage through their parents' provider means that young adults will have health care even if they cannot get a job in this troubled economy.

Second, CCC also supports the proposals to eliminate administrative barriers to enrollment in Medicaid and Family Health Plus such as elimination of the resource/asset test, the face-to-face interviews and finger imaging. Many states have eliminated the resource test and face-to-face interviews and have seen no negative consequences. And new applicants who need assistance will still be able to enroll in person.

Third, CCC is also pleased that the state recognizes that childhood obesity is an epidemic plaguing our state and that far too many New Yorkers reside in communities that lack sufficient retail options that provide nutritious affordable food. We support the \$1 million to increase obesity prevention programs as well as the Healthy Foods/Healthy Communities initiative. The Healthy Foods/ Healthy Communities initiative, modeled after Philadelphia's Fresh Food Financing Initiative, will bring supermarkets to and create jobs in New York's underserved communities - both of which are needed at this time.

Fourth, CCC also supports the Executive Budget proposals to enact or raise taxes on unhealthy beverages such as sugar sweetened beverages and alcohol. Yet, while the Governor's proposals have the potential to combat obesity and reduce consumption of unhealthy beverages while generating revenue, we believe that they should be amended to generate more revenue, greatly reducing consumption of unhealthy beverages, and set aside money to combat obesity and substance abuse.

Thus, we propose:

- Equalizing and increasing the excise tax on beer, wine, and liquor to a dime-per-drink. Equalizing the tax across all alcoholic beverages prevents individuals from switching to other types of alcoholic beverages that are cheaper. Equalizing and increasing the tax on these beverages will also serve as a stronger deterrent to consumption. This proposal would raise more than \$500 million, nearly \$450 million more than the Executive Budget proposal.
- Creating an Excise Tax on Sugar Sweetened Beverages of a penny-per-ounce to be paid by manufacturers and distributors. This will more effectively reduce consumption because this form of tax does not incentivize purchasing cheaper, larger quantities of soda in the way a sales tax would. In addition, an excise tax would trigger greater sticker shock as the price increase is noticed on the shelf compared to a sales tax increase that

is tacked on at the register. Our sugar sweetened beverage tax proposal generates approximately \$1.2 billion in revenue, which is \$600 million more than the Executive Budget's proposal.

Fifth, among the 88 fees, fines, and taxes proposed two in particular may negatively impact the health status of the children of New York. Specifically, we oppose the Executive Budget proposal to increase the monthly family contributions to Child Health Plus. At a time when the price of everything is going up, it is unfair and unreasonable to ask the poorest New Yorkers to shoulder a greater burden of health care costs. We also oppose the Executive Budget proposal to impose a monthly parent fee for Early Intervention (EI) services. Early Intervention services change the course of a young child's life by providing services such as physical and occupational therapy and vision services for children ages 0 to 3. Imposing a parent fee would mean that developmentally delayed children may be denied access to life-altering services if their parents are not capable of paying the monthly fee. In addition, imposing a parental fee on New Yorkers earning less than 400% of the federal poverty limit is particularly troubling in this poor economy. Moreover, the Article VII bill reads that a child whose parent does not pay the monthly fee not only loses services, but also eligibility. This means that should a family's economic situation change and a parents capacity to pay change, the eligibility process would need to be started all over again. Both proposal are wrong headed - the neediest New Yorkers should not have to choose between maintaining their health care coverage or early intervention services and providing food and clothing for their children.

Finally, CCC also opposes the proposal to require early intervention providers to bill third party payors prior to seeking payment from the counties/ New York City for benefits not covered by such payors. Providers are inexperienced at doing this, which means that they may not bill correctly (resulting in less money or no money to offset Medicaid costs). This proposal would delay funds and thus hinder the providers' ability to provide services to children – as time will be spent on billing and monies will not be readily available. The projected savings is zero for SFY 09-10 and minimal (\$500,000) for SFY 10-11, but will have significant ramifications on services for children.

In closing, we ask the Assembly and the Senate to negotiate a budget with the Governor that advances truly shared sacrifices and a fair distribution of the burden of the economic crisis so that it is borne by all New Yorkers. It is essential that state leaders take this opportunity to put

New York State's future back on track to by enacting progressive personal income tax reform and protecting New York's most vulnerable children and families.

Thank you for the opportunity to testify.