

Citizens Budget Commission • Common Cause New York
Fiscal Policy Institute • League of Women Voters of New York State
New York Public Interest Research Group • Reinvent Albany

January 19, 2023

Hon. Kathy Hochul
Governor of the State of New York

Hon. Andrea Stewart-Cousins
President Pro Tempore and Majority Leader
New York State Senate

Hon. Carl Heastie
Speaker
New York State Assembly

Dear Governor Hochul, Majority Leader Stewart-Cousins, and Speaker Heastie:

We write to urge you to implement several sensible reforms to the State's budget and fiscal management processes during this year's budget negotiations.

Our groups are united in striving for a State budget process that is more transparent and accountable, eschews gimmicks, has the appropriate oversight, and results in more stable budgets that deliver results for New Yorkers. However, this requires significant reform to the State's existing practices and structure.

This year is a particularly opportune time to improve the State's budget and fiscal management processes. The pandemic period has demonstrated for all the importance of a stronger and more accountable fiscal foundation. Momentum also has been built by recent improvements: increased funding to the Authorities Budget Office, better adherence to fiscal reporting deadlines, completion of the Quick Start budgeting process in the past two years, restoration of procurement oversight powers of the Comptroller, and the expansion of the Rainy Day Fund. These all have started to strengthen the budget process and financial plan.

For reform in this session, we unite to recommend that you:

- 1. Include basic financial plan tables with one-house budgets and the enacted budget.** At present, legislative one-house budget proposals are not accompanied by a set of basic financial plan tables, showing a complete list of reasonably disaggregated receipts and disbursements. This prevents the public from fully understanding the implications of the proposals and

comparing them to each other and the Executive Budget. Furthermore, the same basic financial plan tables are not included with the bills when the budget is enacted and announced. This year and going forward, both sets of bills should be accompanied by basic financial plan tables.¹

- 2. Include complete fiscal impact statements with all relevant bills.** Individual ‘non-budget’ bills also should be accompanied by fiscal impact statements when they affect spending or receipts. For example, the Green CHIPS legislation passed at the end of last year’s session—a bill which established annual and aggregate caps on the program’s costs—did not have a fiscal impact estimate. The accompanying memo stated that costs were “TBD.” Fiscally relevant bills should always be accompanied by an estimate of their costs.
- 3. Avoid using messages of necessity for budget bills.** Messages of necessity have been used to bypass the three-day aging process for at least one budget bill in each of the past nine budgets. These messages of necessity rush bills through voting before the public—and indeed some legislators—are able to review their contents, subverting transparency and eliminating the time stakeholders should appropriately have to review budget bills before a vote.
- 4. Further increase funding to the Authorities Budget Office (ABO).** The ABO provides oversight for nearly 600 public authorities holding \$273 billion in public debt and annual spending of nearly \$80 billion. The Public Authorities Reform Act of 2009, which established the ABO’s current responsibilities, estimated that the ABO would require more than \$5 million annually in current dollar terms. Last year’s budget increased the ABO’s funding from \$2.1 million to \$2.9 million. Thus, additional funding is necessary to provide a level of oversight commensurate with the ABO’s responsibilities.²
- 5. Exclude excessive budget powers and appropriations.** There has been a trend to increasingly include extraordinary budget powers and dry and/or lump sum appropriations in the budget, especially since the onset of the pandemic. Authority for the Governor to make transfers of appropriations and lump sum can create ethical and fiscal risks to the State as significant sums can be spent quickly and unilaterally after the budget is passed. Furthermore, billions of dollars in other dry appropriation authority allow the State to spend during the year on purposes which were not funded in the enacted budget and decrease the budget’s transparency. We recommend that this year’s proposals omit such extraordinary powers and appropriation authorities.³
- 6. Hold a joint legislative hearing on the budget process.** We recommend that legislative committees hold a public hearing on long-term problems and strategies to improve the State budget process. Many of our groups have made other individual recommendations or comprehensive plans to improve the State budget process over the years. For example, the Citizens Budget Commission recently released their own plan for comprehensive budget and fiscal management reform.⁴ A public hearing would facilitate examination of various proposals from our groups and other experts who have varied perspectives on budgeting and fiscal policy.

These recommendations will not solve all of the issues in the budget and fiscal management process. Still, they are all achievable this year, and together represent significant progress.

Thank you for considering our recommendations.

Sincerely,

Andrew Rein
President
Citizens Budget Commission

Laura Ladd Bierman
Executive Director
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Cc:

Sandra L. Beattie, Acting Budget Director, Division of the Budget

Senator Liz Krueger, Chair, Senate Finance Committee

Assemblymember Helene E. Weinstein, Chair, Assembly Ways and Means Committee

[1] A group letter issued in March 2022 also advocated for publication of financial plan tables with the enacted budget last year. See Citizens Budget Commission and others, letter to Governor Kathy Hochul, Senate Majority Leader Andrea Stewart-Cousins and Assembly Speaker Carl Heastie, "Watchdog Groups Urge State to Publish Basic Financial Tables when Budget Agreement Reached" (March 23, 2022), <https://cbcny.org/advocacy/watchdog-groups-urge-state-publish-basic-financial-tables-when-budget-agreement-reached>.

[2] A separate group letter issued in October 2021 also advocated for increased funding to the ABO, which was partially achieved in 2022. See Reinvent Albany and others, letter to Governor Kathy Hochul, Senate Majority Leader Andrea Stewart-Cousins and Assembly Speaker Carl Heastie, "Watchdog groups tell leaders: Fully fund Authorities Budget Office (ABO)" (October 28, 2021), <https://reinventalbany.org/2021/10/watchdog-groups-tell-leaders-fully-fund-authorities-budget-office-abo/>.

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- [3] A separate group letter issued in March 2022 also advocated for the exclusion of extraordinary powers and dry lump sum appropriations. See Citizens Budget Commission and others, letter to Senate Majority Leader Andrea Stewart-Cousins and Assembly Speaker Carl Heastie, "Watchdog Groups Urge Legislature to Reject Extraordinary Budget Powers" (March 2, 2022), <https://cbcny.org/advocacy/watchdog-groups-urge-legislature-reject-extraordinary-budget-powers>.
- [4] Patrick Orecki, *Accounting and More for a Better Budget: Strategies to Improve New York State Budgeting and Fiscal Management* (Citizens Budget Commission, December 2022), <https://cbcny.org/research/accounting-and-more-better-budget>.