

- ▶ School Aid – Redesign STAR and other school aid programs to better target poorer districts
- ▶ Pension Reform – Revise the current defined benefit systems for future workers through a combination of changes, such as raising the minimum retirement ages, increasing the employee contribution, eliminating inclusion of overtime in benefit calculations, and eliminating variable supplements for uniformed workers
- ▶ Medicaid – Lower expenditures by eliminating long-term care eligibility loopholes that extend benefits to middle-class beneficiaries.

Debt Reform

Problem: New York State has too much debt. Its obligations will require current and future taxpayers to bear a burden that creates a competitive disadvantage with other states. Not only is the absolute amount of New York's debt high, but the burden is excessive even after accounting for the State's relatively large tax base and other relevant factors, such as the division of responsibility between state and local governments and unfunded pension liabilities. The core issue is that New York has no effective legal limits on the amount of debt it can assume and has used debt for the wrong reasons—to cover operating deficits. The State's public authorities, which also issue debt backed by specific project revenues and serve as conduit borrowers for certain nonprofit and for-profit entities, have been used to circumvent debt limits.

Necessary Steps:

- ▶ State Funded Debt – Discontinue issuance of State funded debt to cover operating deficits
- ▶ Project Revenue and Conduit Public Authority Debt – Integrate authorities' proposed capital investments with the State's capital plan to prevent inefficient use of what-should-be scarce capital resources
- ▶ Project Revenue and Conduit Public Authority Debt – Make authority debt issuance subject to more rigorous financial review by an enhanced Public Authorities Control Board or by the Division of Budget that includes additional public scrutiny of proposed debt issuances
- ▶ State Funded Debt – Reduce the State's reliance on long-term State funded debt by lowering capital spending and/or increasing pay-as-you-go financing as a share of total capital spending.

Budget Reform

Problem: The New York State budget process lacks timeliness, transparency, accountability, and fiscal responsibility. For democracy to work New Yorkers must know what their elected representatives are doing and be able to hold them accountable for their choices. This is not always the case for New York State's budget.

Necessary Steps:

- ▶ Enhance accountability by preparing more extensive multi-year financial plans

- ▶ Enhance transparency by enforcing and building upon new requirements for reporting by public authorities
- ▶ Enhance transparency by requiring that lump-sum appropriations, sometimes used for pork barrel spending, be subject to sunshine provisions and by making the awarding of these funds meet specific program criteria to promote more effective use of public resources
- ▶ Enhance transparency by publishing the adopted budget in a format similar to the Executive Budget

A full list of the reform options on which the conference participants voted, as well as background information provided to them prior to their voting, is available online at www.cbcny.org. The background information is contained in the following “issue brief” documents: *State Versus Local Fiscal Responsibilities: Why and How Should the State Stop Passing the Buck to Local Governments?*; *Debt Policy: How Can New Yorkers Protect Their Children From An Excessive Debt Burden?*; and *Better Budgets: What Does it Take to Have Budgets That Are On-Time, Understandable and Balanced?* A full summary of results from the conference is contained in *Counting the Votes: What Are the Next Steps for Fiscal Reform?*

“New York has an addiction to spending and debt that must be brought under control in order for New York to afford needed public services,” said CBC President Diana Fortuna. “Efficiency should be seen as enabling compassionate public services, not undercutting them.”

“These reforms reflect the views of leaders from across the State,” said Elizabeth Lynam, CBC’s Deputy Research Director. “They should inform the public discussion and debate that unfolds during this election year.”

Founded in 1932, the Citizens Budget Commission is a nonpartisan, nonprofit civic organization devoted to influencing constructive change in the finances and services of New York State and New York City governments.