



VOTE YES ON PROPOSAL 1 **SUPPORT BUDGET REFORM IN NEW YORK** **TO ADD ACCOUNTABILITY TO THE STATE'S** **BUDGETMAKING**

New York's budget process has been described as "dysfunctional" by the state's top elected officials. For too long, the budget process has been marked by excessive secrecy, a lack of accountability, and a fiscal uncertainty that comes from chronic late budgets.

There is some good news. New Yorkers will soon vote on a budget reform constitutional amendment that attacks these critical problems by opening up much of the process by which budgets are constructed; adding new accountability measures to help the public to monitor state spending; and ensuring that no matter how intractable Albany's budgetary gridlock may be, there will always be a budget in place. This fact sheet examines one aspect of the reform proposal – greater accountability.

THE PROBLEM – NEW YORK STATE'S BUDGET PROCESS IS UNACCOUNTABLE

In a well-functioning budget process, members of the public have the ability to hold elected leaders accountable for creating a budget that meets the needs of all New Yorkers. Unfortunately, New York's budget process lacks basic accountability. "Off-the-books" budgeting allows elected officials to appropriate billions of dollars with no debate or oversight. Furthermore, with no independent entity to referee the budget debates, members of the public are forever at the mercy of "spun" revenue forecasts and dueling budget rhetoric traded by the executive and the legislature.

THE SOLUTION – GREATER ACCOUNTABILITY IN BUDGET MAKING

The reform package that would go into effect if voters approve it in November contains measures that will make the state's budget more accountable in two key ways:

1. **The budget reform package brings the Health Care Reform Act (HCRA) fund "on-budget."** The \$4.4 billion HCRA fund is a lesson in the dangers of off-the-books budgeting. Passed with the intention of insulating critical health care programs from the ups and downs of the yearly budget process, HCRA funds lack the oversight and accountability that go with normal budget items. HCRA's revenue streams are almost entirely off-budget and under the control of the Governor. The Legislature only gets a single accounting at the end of the year and the Comptroller's ability to track the money that is raised or spent is limited.

The problem with this type of budgeting is that choices about how funds should best be spent are made behind closed doors with no public input or deliberation. In late 2001 and early 2002, the Governor and the two legislative leaders negotiated a secret deal as a part of HCRA with the Service Employees Union Local/1199 allowing the \$1 billion in state revenue from the conversion of Empire Blue Cross/Blue Shield to a for-profit corporation to be used almost entirely as raises for healthcare workers. While this may have been the best policy choice, New Yorkers were given no opportunity to debate various possible uses of this revenue and had no way of holding elected officials accountable for their choice. Bringing HCRA on-budget so that uses of its funds can be publicly debated is an important and necessary reform.

2. **The budget reform package creates an Independent Budget Office (IBO) to provide independent fiscal analyses.** The leadership of the IBO will be jointly chosen by the legislative leaders. The job of the IBO will be to provide the legislature and the public with detailed information related to the budgetary process, including fiscal impact statements on proposed legislation and quarterly reports on state revenues. This independent body will help New Yorkers penetrate beyond the rhetoric and "spun" numbers that are traded back and forth between the executive and the legislature to make up their own minds about how their taxpayer dollars should best be spent.

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