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LEGISLATIVE UPDATE

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State

State Budget Director Warns Terror Attack Could Cut Revenues \$9 Billion

New York State Budget Director Carole Stone announced Thursday that preliminary analysis indicates that revenue lost due to the September 11th terrorist attack could total \$1 to \$3 billion for the state fiscal year that ends March 31, and a further \$2 to \$6 billion for fiscal year 2002-2003. The state has \$2.6 billion in reserve to deal with the shortfall.

In a letter sent Wednesday to State Agency Department heads, Stone urged, "You should immediately review and revise your current year plans to achieve the maximum savings possible, as soon as possible." Given that Governor Pataki has announced that he wants to get through this fiscal crisis without raising taxes, Stone has ordered state agencies hold future spending at this year's levels, and not to expect any additional funding this year, despite prior talk of a supplemental budget being enacted by the Legislature.

The Federal government has already pledged \$20 billion to the cost of clean up and the reconstruction costs of public facilities, but the money must be shared with Pennsylvania and Washington, where the hijacked planes also caused damage. Furthermore, the eventual cost of the recovery has been estimated at anywhere between \$40 to \$105 billion. The cost-impact figure of \$105 billion, released yesterday by City Comptroller Alan Hevesi, includes the controversial estimate of the loss of \$11 billion in "human capital." Because the city has been running a surplus, it can "take manageable steps" to balance its budget this year, but the next fiscal year will be more problematic.

The state Legislature is expected to return to Albany on October 15. According to a spokesman for Assembly Speaker Sheldon Silver, "Everything is now being reassessed based on the dramatic realities of the consequences of the attacks."

Federal

House Subcommittee Recommends Increases in Caregiver, Meal Programs

According to the National Association of Area Agencies on Aging, several Older Americans Act programs have received significant increases in the House version of the \$123.1 billion FY 2002 bill that funds Labor, Health and Human Services and Education. This bill, passed by the House Appropriations subcommittee, and slated for mark-up by the full House Appropriations Committee today, brings the House funding proposals even above those levels requested by the President in his budget last April.

The President's budget included a \$2 million increase in the National Family Caregiver Support Program. The bill passed by the House appropriations subcommittee added an additional \$10 million for a total allocation of \$137 million, \$12 million more than the current \$125 million allocated to the program. Nutrition programs, both home-delivered and congregate meals, also received increases significantly above the President's request. Home-delivered meals, for which the President had requested a \$6 million increase, received an overall increase of \$24 million. Congregate meals, for which the President requested no increase, was increased by \$17.6 million.

Title VI Native American Grants and Title III-B Supportive Services each received a \$2 million increase, both in the President's budget and the subcommittee bill. Similarly, Preventative Health, Title V and Title VII received no funding increase in either arena.

The Senate appropriations subcommittee is tentatively scheduled to take up the bill next week.

Court Decisions

Federal Judge Rules State Olmstead Planning Does Not Prevent Lawsuits

According to the September 28th *Older Americans Report*, a federal judge in Portland Oregon has ruled that plaintiffs can sue for state-provided community services instead of institutional care, even if the state is in the midst of developing a plan to comply with the Supreme Court's 1999 decision in *Olmstead v. L.C. and E.W.* This opinion, which supported consumer's rights to community services over institutional care, has initiated a compliance plan in virtually every state.

In *Miranda B. et al. v. John Kitzhaber*, Oregon state officials argued that the plaintiffs do not have a case because there is a plan pending to offer more community-based options, and that a lawsuit would be premature, since such a case would consist of evaluating the state's current system, which would necessarily change as per the Oregon Olmstead implementation plan.

The plaintiffs countered that having a plan in development does not equate to providing the service reforms mandated by the Court. U.S. Magistrate Judge Dennis Hubel agreed with the plaintiffs, finding "a plan to develop a plan...is no actual plan."