S T A T E O F N E W Y O R K

S. 1 A. 2

Second Extraordinary Session

S E N A T E - A S S E M B L Y

July 30, 2010

IN SENATE -- Introduced by COMMITTEE ON RULES -- (at request of the Governor) -- read twice and ordered printed, and when printed to be committed to the Committee on Rules

IN ASSEMBLY -- Introduced by COMMITTEE ON RULES -- (at request of the Governor) -- read once and referred to the Committee on Ways and Means

AN ACT to amend the state finance law, in relation to establishing the FMAP contingency fund

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Notwithstanding any other provision of law to the contrary, to maintain a balanced budget in the event that the federal government does not enact an extension of enhanced Federal Medicaid Assistance Percentages ("FMAP") for the state of New York by September 1, 2010, the amount of all undisbursed general fund and state special revenue fund aid to localities appropriations available for expenditure and disbursement on or after September 1, 2010 shall be uniformly reduced by the amount that was undisbursed as of September 1, 2010 to a maximum annual reduction of $1,085,000,000 by the end of the 2010-2011 state fiscal year. The following types of appropriations shall be exempt from uniform reduction: (a) payments for emergency assistance for families and payments for eligible aged, blind and disabled persons related to supplemental social security; (b) any reductions that would violate federal law; (c) payments of debt service and related expenses for which the state is constitutionally obligated to pay debt service or is contractually obligated to pay debt service, subject to an appropriation, including where the state has a contingent contractual obligation; and (d) binding, non-discretionary legal obligations, except for obligations which are binding solely as a result of state statute or regulation. Such reductions shall take effect on September 1, 2010 and be made in accordance with a written allocation plan prepared by the

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [ ] is old law to be omitted.

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director of the budget, which shall be filed with the state comptroller, the chairman of the senate finance committee and the chairman of the assembly ways and means committee. The director of the budget shall prepare appropriately reduced certificates, which shall be filed with the state comptroller, the chairman of the senate finance committee and the chairman of the assembly ways and means committee. Upon request of the director of the budget, the comptroller shall transfer the cash equal to the uniform appropriation reduction to a contingency fund established pursuant to section 99-r of the state finance law to the extent such cash is available. Amounts on deposit in the contingency fund may be temporarily loaned to the general fund. If at any time after the effective date of this section an extension of enhanced FMAP has been enacted by the Federal government in an amount at least as great as the amount assumed in the fiscal year two thousand ten-two thousand eleven financial plan as determined by the director of the budget, no further reductions shall occur and all payment amounts withheld pursuant to this section shall be paid to the recipients from which they were withheld. If an extension to enhanced FMAP is not enacted by November 5, 2010, the governor, temporary president of the senate, and the speaker of the assembly shall cause their respective appropriate personnel to meet to review the impact of the uniform reductions and discuss potential alternative reductions. If an extension of enhanced FMAP is not enacted during the fiscal year, or an extension is enacted in an amount less than the amount assumed in the fiscal year two thousand ten-two thousand eleven financial plan as determined by the director of the budget, the reductions authorized by this section shall continue until the total amount of such reductions is equal to the amount by which the extension differs from the amount assumed in the fiscal year two thousand ten-two thousand eleven financial plan as determined by the director of the budget and, notwithstanding any other provision of law to the contrary, liability for amounts due under an appropriation or other applicable provision of law shall be reduced in the amounts of the payment reduction up to one billion eighty-five million dollars ($1,085,000,000).

S 2. The state finance law is amended by adding a new section 99-r to read as follows:

S 99-R. FMAP CONTINGENCY FUND. 1. THERE IS HEREBY ESTABLISHED IN THE STATE TREASURY A FUND KNOWN AS THE "FMAP CONTINGENCY FUND".

2. THE FUND SHALL CONSIST OF ALL MONIES REQUIRED BY LAW TO BE TRANSFERRED TO THE FUND.

3. MONIES IN THE FUND SHALL BE DISBURSED, WHEN ALLOCATED, FOR THE PURPOSE OF MAKING PAYMENTS THAT HAD PREVIOUSLY BEEN SUBJECT TO REDUCTION PURSUANT TO LAW AS A RESULT OF FEDERAL GOVERNMENT FAILURE TO ENACT AN EXTENSION OF FEDERAL MEDICAID ASSISTANCE PERCENTAGES.

4. MONEYS IN THE FMAP CONTINGENCY FUND MAY BE TEMPORARILY LOANED TO THE GENERAL FUND DURING ANY FISCAL YEAR UPON APPROVAL OF THE DIRECTOR OF THE BUDGET.

5. IF BY JANUARY FIRST, TWO THOUSAND ELEVEN, FEDERAL MEDICAID PERCENTAGES ARE NOT EXTENDED OR ARE EXTENDED IN AN AMOUNT THAT IS LESS THAN THE AMOUNT ASSUMED IN THE FISCAL YEAR TWO THOUSAND TEN-TWO THOUSAND ELEVEN FINANCIAL PLAN AS DETERMINED BY THE DIRECTOR OF THE BUDGET, ALL MONIES IN THE FUND ON SUCH DATE SHALL BE TRANSFERRED TO THE GENERAL FUND AND ANY AMOUNTS DEPOSITED IN THE FUND AFTER SUCH DATE SHALL BE TRANSFERRED TO THE GENERAL FUND UPON THE REQUEST OF THE DIRECTOR OF THE BUDGET.

S 3. This act shall take effect immediately.