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New Statewide Coalition Unveils

Let New York Work: A Common Agenda for the Common Good

Business, local government and education leaders introduce six-point plan to achieve mandate relief.

ALBANY, NY – A historic coalition of eleven prominent business, local government and educational organizations launched a new, comprehensive initiative to advance significant mandate relief. The effort, *Let New York Work: A Common Agenda for the Common Good*, consists of six key measures that will provide relief from mandates faced by all New Yorkers.

The agenda's main points include:

- **Make the pension system predictable and affordable** – The state should offer two retirement options to new employees – a reduced defined benefit plan or a new defined contribution plan that is controlled by the employees and does not weigh down taxpayers.
- **Redefine compulsory arbitration** – A number of amendments are needed to the state's compulsory arbitration statute that will benefit local municipalities and taxpayers such as: defining the ability to pay; prohibiting consideration of non-compensation issues; limiting access to binding arbitration; and, adding transparency to the arbitration process.
- **Reduce the costs of construction on public/private projects** – The state should enact a number of measures that will spur building and development such as: supporting alternative project delivery methods like design build; increasing the Wicks Law threshold across the state; enacting the *Public Construction Savings Act* (S.4121/A.7855); and making common sense changes to the antiquated Scaffold Law.
- **Freeze step increases when contracts expire** – Due to the state's Triborough Amendment, public employees' pay continue to increase under an expired contract, placing additional burdens on school districts and municipalities.
- **Establish minimum health insurance contribution level for employees and retirees** – Employers should cover no more than 85 percent of a single healthcare premium or 75 percent of a healthcare premium for families or retirees.
- **Prohibit new mandates** – The state should not impose any future mandates on municipalities, school districts and taxpayers. Enacting the *Unfunded Mandate Reform Act* (S.5379/A.8150) and requiring a super-majority to add new unfunded mandates would be beneficial.

Following the passage of the 2-percent property tax cap earlier this year, members of the newly-formed coalition recognized the need for a unified pro-mandate relief voice leading up to the 2012 legislative session.

“Just as we faced the property tax cap head on, we must focus on enacting meaningful mandate relief,” said Brian Sampson, executive director of Unshackle Upstate. “Making our communities more affordable and preventing the insolvency of local governments and school districts needs to be our top priority. Doing so will help to stabilize the state’s economy and provide a sense of security for taxpayers.”

Representing prominent business, local government and education organizations across the state, the coalition’s leaders strongly believe that mandate relief is essential to the future of New York’s economy.

“In order to rebuild our economy and our state, we must reduce costs on job creators, taxpayers, local governments and school districts alike. The comprehensive reform agenda that a historic and unprecedented coalition of organizations representing all of these entities is advancing today is a critical and common sense step in that direction,” said Mike Elmendorf, President and CEO of the Associated General Contractors of New York State.

“Real mandate relief is part of a broader goal of controlling total state and local spending, and lowering the combined tax burden on individuals and businesses,” said Heather Briccetti, acting-president and CEO of The Business Council of New York State, Inc. “A more competitive cost climate is essential for promoting new investment and new job growth in New York. The enactment of a 2 percent cap on the growth of property taxes was the first step. By working together, members of this newly-formed coalition hope to rein in the high cost of state mandates and provide much-needed fiscal relief to municipalities.”

“Outdated, only-in-New-York laws, like labor law 240/241, are actually unfunded mandates on our municipalities,” said Tom Stebbins, executive director, Lawsuit Reform Alliance of New York. “Our local communities pay for these unnecessary laws in the form of inflated legal settlements, skyrocketing insurance rates and prohibitively high construction costs. We need to free our municipalities from these antiquated laws in order to make New York a better place to live and do business.”

“This is not the first tough year for schools. We have had three years of state aid cuts and freezes,” said Robert Reidy, executive director, New York State Council of School Superintendents. “With the prospect of operating under a tax cap it is imperative schools get help to preserve services for children. Immediate and significant mandate relief is necessary to maintain quality services for all children.”

“New York is at a crossroads and action is needed now to stem the high costs of mandates on local governments and school districts. These mandates translate into ever increasing costs for agricultural businesses and create a very unfavorable environment for farm retention and growth. While the enactment of the property tax cap helped solve the first half of the problem, New York must address the cost drivers for local governments and school districts to truly let New York work,” said Jeff Williams, Manager of Governmental Relations for New York Farm Bureau.

“Enacting the property tax cap was the first step in drastically changing the future for New York’s small business owners and taxpayers. This coalition of business, school and municipal leaders stands here today advancing the critical second step of mandate relief. This agenda will drastically reform our business climate, by addressing many of the key cost drivers that have driven businesses and people from New York’s borders, and provide significant relief to communities and school districts across the state from public pension and health benefit costs that are rising at an unsustainable rate. We urge the Governor and legislative leaders to heed this call of business owners and taxpayers, setting New York on a course for a new dawn of prosperity,” said Mike Durant, New York State Director of the National Federation of Independent Business

“New York’s local government cost structure, in its current mandate-driven form, cannot support real and sustainable property tax relief. A property tax cap, alone, will not change this fact,” said Peter A. Baynes, executive director of the New York Conference of Mayors. “Yet, with the significant mandate relief our broadly-based coalition is advancing today, there is an opportunity to finally change this destructive equation and provide the property tax relief New Yorkers desperately need.”

“Now is the time to finish the job of building meaningful and lasting property tax relief,” said Duncan MacKenzie, CEO of the New York State Association of REALTORS. “The cap approved earlier this year provided the framework for ending the cycle of property taxpayer abuse. To fulfill the promise of sustainable tax relief, this diverse coalition calls on state lawmakers to rethink every existing mandate and refrain from any further unfunded requirements on our schools and local governments. While the tax cap issue created divides between business and local taxing entities, mandate relief does not.”

“As school districts continue to grapple with the worst fiscal crisis in a generation, they need a new set of rules. The Let New York Work proposals, if enacted, would result in dramatic improvements to the fiscal health of our schools,” said Timothy Kremer, executive director, New York State School Boards Association. “They would also result in a more viable system of operating in this heightened era of fiscal responsibility and taxpayer fatigue. If we are to simultaneously address the fiscal crisis and advance academic achievement we must focus resources on those things that improve results for kids.”

“The Westchester County Association is very pleased to be a part of the Let New York Work coalition. We have long believed that once the tax cap was passed, there would be a collective outcry for mandate reform,” said Bill Mooney, president of the Westchester County Association. “Having the business community joined by local government and school groups with one common agenda, sends a powerful message to our elected officials in Albany that meaningful and significant mandate relief must be achieved in 2012.”

Following today’s release of the *Let New York Work* agenda, the group will continue to advocate for the passage of the agenda during the 2012 legislative session.

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LET NY **WORK** WORK

A Common Agenda for the Common Good



• MAKE THE PENSION SYSTEM PREDICTABLE AND AFFORDABLE

- Tier VI Defined Contribution – the State of New York, for both state and local employees, should offer two retirement options to new employees. A reduced defined benefit plan or a new defined contribution plan that is controlled by the employees, is portable, and does not weigh down taxpayers.
 - » Defined Benefit Components:
 1. Higher employee contributions (6 percent, up from 3 percent) for full period of employment;
 2. Higher minimum retirement ages (65, up from 62);
 3. Overtime would be excluded from pension calculations;
 4. Employees would have to work longer before their pension vests (12 years, up from 10)
 5. Lengthen the period over which the final average salary is calculated (currently “high 3” years) to 8 years; and
 6. Cap of \$179,000 for FAS calculation purposes.
 - » Defined Contribution Components:
 1. Use a national provider of Defined Contribution plans for Public Employees to avoid another layer of government;
 2. The plan should be portable and encourage employee participation; and
 3. Annual contribution rate would be 12 percent of annual salary with the employer covering 9 percent and the employee 3 percent (consistent with Defined Benefit plan).

• REDEFINE COMPULSORY ARBITRATION

1. Define Ability to Pay – the statute has no definition of the ability to pay. It should be amended to require that an arbitration panel accord substantial weight to ability to pay when making an award. The term should be defined as the ability of a public employer to pay all economic costs to be imposed on it by an arbitration award without requiring a reduction of municipal services or an increase in the level of real property taxes in existence for each year or years addressed by the award.
2. Prohibit Consideration of Non-Compensation Issues – other unions (e.g. county sheriffs, State Police), which are permitted to seek arbitration of a bargaining impasse, are denied the right to pursue non-compensation matters before an arbitration panel. Municipalities and school districts should be entitled to the same restrictions.
3. Limit Access to Binding Arbitration – currently, there is no limit on the number of times police and firefighter unions can seek binding arbitration. This should be changed so that once any union decides to go to binding arbitration, they will lose that ability for the next two successive collective bargaining cycles. This limitation will help to ensure that the option of going to binding arbitration is not routinely used as a way to avoid good faith negotiations.
4. Add Transparency to the Arbitration Process – currently, an arbitration panel deliberates and renders its decision behind closed doors. Making their proceedings subject to the Open Meetings Law by requiring the arbitration panel to deliberate in a public forum within the municipality or school district under arbitration and to present its decision at a meeting of the legislative body or school board, will add a level of accountability to a process that currently lacks any degree of transparency. This much-needed transparency should ultimately be applied to all aspects of collective bargaining.

• REDUCE THE COSTS OF CONSTRUCTION ON PUBLIC/PRIVATE PROJECTS

- Support alternative project delivery (e.g. design build).
- Wicks Law - Increase threshold to a uniform \$10 million across the state.
- Use Unemployment Insurance (UI) Prevailing Wage tables to determine regional prevailing wage rate for projects.
 - » The wages are updated semi-annually, based on the findings of the semi-annual Department of Labor conducts the OES survey Occupational Employment Statistics (OES) survey of employers. The New York State in cooperation with the U. S. Department of Labor, Bureau of Labor Statistics. The information is provided to help employers and unemployed job seekers understand the job titles and wage rates that will determine prevailing wage in local areas across New York State.
- Pass the *Public Construction Savings Act*, which will allow local governments to enter into project labor agreements in which participation in the agreement is optional for bidders; bidder can choose to bid either with or without participation in the agreement, and the municipality shall pick the lowest bid consistent with other laws and regulations. [S.4121 (Ranzenhofer)/A.7855 (Schimminger)]
- Pass legislation to apply a comparative negligence standard under the Scaffold Law where a recalcitrant worker – one who refuses to use required safety devices, or engages in other reckless or negligent conduct – is injured. [A.2835 (Morelle)]
 - » Relates to the applicability of certain provisions with respect to persons injured in the use of scaffolding and other devices for use by employees.

• WHEN CONTRACTS EXPIRE, FREEZE STEP INCREASES

- Salary step increases will be held when no contract is in place.

• ESTABLISH MINIMUM HEALTH INSURANCE CONTRIBUTIONS LEVEL FOR EMPLOYEES AND RETIREES

- Employers will cover no more than 85 percent of a single healthcare premium or 75 percent of a healthcare premium for families or retirees. This will be phased in over a 3-year period.
 - » If state contract contribution rates decrease (i.e. employer pays less), then local contracts should follow the same reductions in the next negotiation cycle.
 - » If at any point in time the state repeals the Triborough Amendment this requirement will also be repealed.

• NO NEW MANDATES

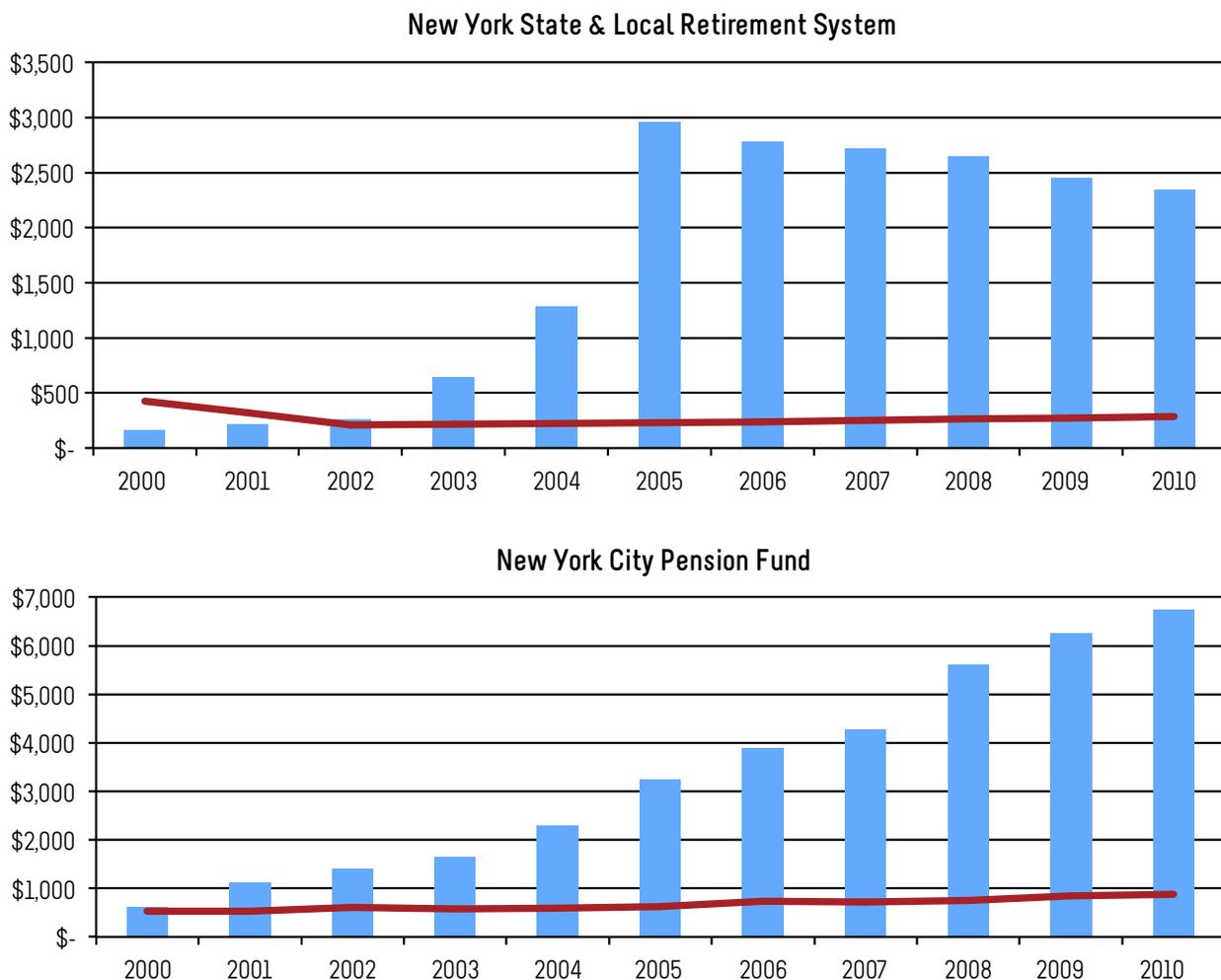
- Pass the *Unfunded Mandate Reform Act*. [S.5379 (Martins)/A.8150 (Morelle)]
 - » Authorizes the governor to submit an unfunded mandate reform plan to the legislature when it is in the public interest.
- Require a super-majority to enact new unfunded mandates. [S.3211 (Martins)/A.1592 (Galef)]
 - » Restricts the imposition of additional unfunded mandates on local governments by the state until such time as those mandates are fully funded by the state; provides for certain exceptions; provides that a three-fifths majority in each house shall override this restriction.



A Common Agenda for the Common Good

Employer and Employee Contributions New York Public Pension Funds, 2000 - 2010 (in millions of dollars)

Employer Employee

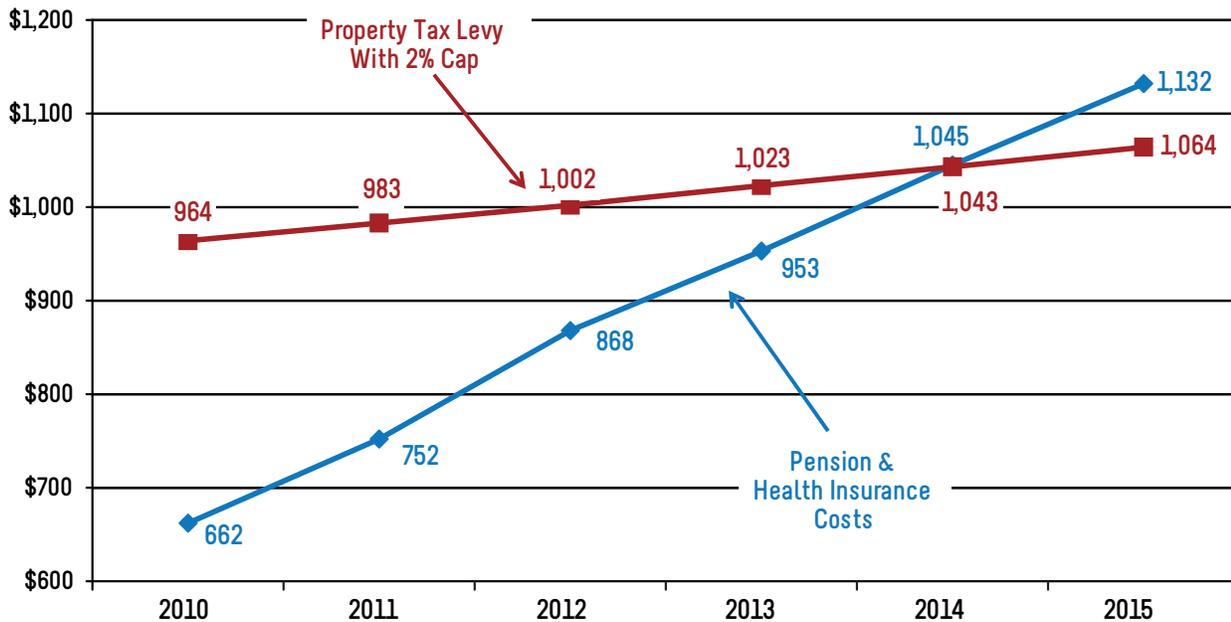


Source: Empire Center for New York State Policy - City of New York, Comprehensive Annual Financial Report, New York State and Local Retirement System, New York State Teachers' Retirement System



A Common Agenda for the Common Good

City Employee Benefit Costs Alone Would Exceed Capped Property Taxes, 2010 - 2105 (in millions of dollars)



Source: New York State Conference of Mayors and Municipal Officials