



# This Week in New York

Covering New York State and City Government

A Publication of Pitta Bishop Del Giorno & Giblin LLC

January 14, 2011 Edition



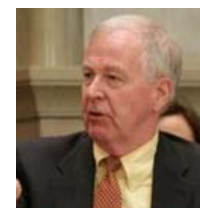
## In the News – New York State



### Health Care Exchange: Who's Going to Pay For It?

It's not the formation of a Health Care Exchange that is confounding the Senate Republicans, it's the question of who is going to pay for it.

“The problem that I have is not being able to answer the question ... 'how much is this going to cost the State of New York?’” Senator Kemp Hannon, Chairman of the Senate Health Committee, explained. “... You say well, ‘Aren't they, the federal government, going to pay for this?’ Well, it's not clear ... what the flow of the money is.”



Senator Hannon

Under the federal Patient Protection and Affordable Care Act of 2010, states are charged with setting up Health Care Exchanges to help people find insurance at competitive rates. In 2010, New York received a \$1 million award from the U.S. Department of Health and Human Services (HHS) for the first round of funding for the State Planning and Establishment Grants for the Affordable Care Act's Exchanges. On February 16, 2011, the U.S. Department of Health and Human Services (HHS) announced that New York was chosen as one of seven "Early Innovator" states. The State received a grant award of \$27.4 million over two years to design and implement the information technology (IT) infrastructure needed to operate the Exchange, including eligibility and enrollment systems. In August 2011, New York's submission for the federal Exchange Establishment grant was awarded \$10.7 million. The State has estimated a health insurance exchange will cost more than \$56 million to build and implement through 2014.

Prior to the close of the 2011 session, the Assembly passed legislation to establish the Exchange. The Senate, however, adjourned without acting.

To open the 2012 legislative session, Governor Andrew Cuomo cited the Insurance Exchange as a must-do in 2012. He is touting the initiative as being completely funded by the federal government.

“We have a unique opportunity to address this challenge [of New York's uninsured] by developing a New York State Health Insurance Exchange that will be financed entirely by the federal government,” Governor Cuomo said in his State of the State Address. “We must enact the legislation necessary to establish the Health Insurance Exchange now.”

However, Senator Hannon explained that the money New York has received so far is for planning the organization and information technology. This funding does not apply to the ongoing operating costs, including the costs involved when the Exchange offers a package. In addition, according to Senator Hannon, there is "an open question" as to what the essential benefit package would be and how does it compare to what the federal government would reimburse.

"They (the federal government) were supposed to come up with a definition, or a description of the exact essential benefit package, which is a building block in offering insurance," Senator Hannon explained. However, the federal government then opted to allow the States to determine the package, depending upon the mandates of the individual state insurance laws.

".. Then they put in a hook and said, "Two years after 2014, when the exchange starts, we are going to review your essential benefit package and determine what part of the package we will pay for,"" Senator Hannon said. "What is our obligation in 2016? Who pays for what between 2014 and 2016? Does the State pay for it all? Does the Federal Government pay for it all? It is unclear."

Senator Hannon's questions may be addressed when the Governor releases his budget on January 17<sup>th</sup>. But, given that the expenses are not incurred until the Exchange is operational, the cost may be a question for later debate.



## Governor Cuomo Signs Iran Divestment Act

Governor Andrew M. Cuomo yesterday signed the Iran Divestment Act, a new law that will exclude companies that invest in Iran's energy sector from entering into contracts with state and local governments.

"This new law ensures that companies that invest in Iran's energy sector do not do business with the State of New York," Governor Cuomo said. "I thank Majority Leader Skelos and Speaker Silver for their leadership and hard work on this important law."

The Iran Divestment Act of 2012 prohibits companies that invest in the Iranian energy sector from receiving state or local government contracts. The Office of General Services will develop a list of entities involved in such investments and will inform these companies that they will be unable to bid on government contracts as long as they support Iran's energy sector. The law also requires companies to certify that they do not hold such investments when applying for government contracts, and allows affected businesses to appeal. The law takes effect in 90 days.

## *In the News – New York City*

### Promises, Promises

Reactions to Mayor Michael Bloomberg’s State of the City address ranged from “articulating an expansive and progressive vision” (Bronx Borough President Ruben Diaz) to a “model of strength and vitality” to containing initiatives that were “counterproductive to reform” (Public Advocate Bill deBlasio) to the Mayor as “lost in his own fantasy world.” (UFT President Michael Mulgrew). Obviously, the beauty of the speech varied by the eye of the beholder.

Initial reactions aside, the speech will ultimately be judged by the success of its initiatives. Can agreement be reached on an effective, workable teacher evaluation system? Will the Kingsbridge Armory bring the heralded jobs?

---

“This is the state of our city. Never more full of promise and possibility,” Mayor Bloomberg concluded.

---



“Promises and possibilities” outlined by the Mayor include:

#### **Education: Five Steps**

- *Find New Ways to Attract, Reward and Retain Great Teachers.*
- College Loans: The Mayor offered teachers who finished in the “top tier of the class” and make a commitment to teach in New York City schools up to \$25,000 to repay student loans.
- Raises for “Highly Effective” Teachers. The Mayor offered a \$20,000 salary increase to teachers who are rated highly effective for two consecutive years.
- *Teacher Evaluation System*
- According to the Mayor, under a school turnaround program already authorized by Federal and State law and consistent with a provision of the existing union contract, the City can form school-based committees to evaluate teachers on merit and replace up to 50 percent of the faculty. The Administration plans to move forward with this approach for the 33 schools that did not receive state grants to satisfy the State’s requirements for the \$58 million in funding.

- “Top-quality” school choices. The Mayor cited the Administration’s goal to open 100 new schools over the next two years – including 50 new charter schools. He indicated that the Administration will ask “our most successful” charter school operators to expedite their expansion plans, including the KIPP Academy and Success Academy networks, and begin “recruiting high-performing” charter school operators who have yet to come to New York.
  - *College and Careers*
  - The Administration will “make every public school student complete new study lessons and assignments in both Math and Literacy” that are aligned to the college readiness standard. The results will be “shared with parents at parent-teacher conferences this March.”
  - Department of Education (DOE) will continue forming partnerships between businesses and schools, including hospitals, hotels, nonprofits and small businesses.
- ☐ *Paying for College*
- Under a new partnership with the Obama Administration, the Administration will be informed about which students hoping to attend college failed to apply for Federal financial aid and the Administration “will help make sure they get their applications in.”
  - The Administration will “lead the charge for the New York State Dream Act.”

### **Economic Development**

- ☐ In addition to the much-publicized Kingsbridge Armory project, the Mayor cited a number of economic development initiatives for 2012 including:
- The Administration will work with the City Council on a package of regulatory changes and incentives that will attract new investment, new companies, and new jobs in the area around Grand Central.
  - To expand space for film and digital media companies, the Administration will open a new incubator that will help to compete with Hollywood for post-production business.
  - The Administration will launch a new non-profit called ‘Space Works’ that will create long-term affordable rehearsal and studio space for artists citywide, including on Governors Island.
  - Renovation work will begin on the Bronx River Art Center, creating a new media center, photography studio, and gallery.
  - The Administration will re-zone East Fordham Road to allow for more private sector investment and explore economic development possibilities on Webster Avenue.
  - The Administration supports an additional \$25 million in funding for Hunts Point, protecting 3,600 jobs.
  - The Administration will work with Senators Charles Schumer and Kirsten Gillibrand to make it easier to get tourist visas, “especially for those coming from growing markets like India, China and Brazil.”
  - The Administration will increase opportunities for the City’s minority- and women-owned businesses, “so that those firms compete for and win more City contracts.”

- The Administration supports raising the minimum wage. Although, the Mayor “would prefer” the Federal government to act, the Administration will join Speaker Shelly Silver in pushing for a “responsible raise” in the minimum wage.

### **Parks & Recreation**

- ☐ In addition to projects at Rockaway Park, the first phase of Calvert Vaux Park in Bensonhurst, Governor’s Island, and Pier 5 of Brooklyn Bridge Park, the Administration will join with AT&T to bring Wi-Fi service to a dozen city parks.

### **Government Efficiency**

- ☐ In relation to construction, the Administration will team up with the industry to form the Partnership to Build NYC, “and together, we’ll strengthen safety and reduce waiting times for building inspections citywide.” The Administration has set the goal of 10 days or less by streamlining City Planning’s review of land use applications.

### **Environment**

- ☐ The Mayor unveiled the next phase the PlaNYC environmental and infrastructure agenda including:
  - Doubling the amount of residential waste we divert from landfills by 2017.
  - Taking steps like increasing recycling in schools and streets and expanding the plastics recycling program.
  - Becoming one of the first cities in the country to turn wastewater into renewable energy.
  - Exploring the possibility of cleanly converting trash into renewable energy.

## **Speaker Quinn Unveils Living Wage Compromise**

Council Speaker Christine Quinn yesterday announced a compromise on legislation to establish a living wage in New York City.



**Speaker Quinn**

Speaking at an afternoon press conference, the Speaker announced that she “could not support the original living wage bill as it was introduced. The requirement that tenants in subsidized projects pay more when the city has no financial connection with them is a provision that I believe would have cost us future retail jobs. Placing this requirement on businesses that don’t receive a direct benefit is simply unfair.”

The Speaker will introduce, with Council colleagues Oliver Koppel and Annabel Palma, legislation that will require companies that receive substantial subsidies from the City of New York to pay their employees a living wage of \$10 or \$11.50, depending on benefits.

“I believe it is fair and appropriate for government to place requirements on a business that has voluntarily entered into an economic development agreement with the City,” she explained. “At the end of the day, they have a choice as to whether or not they want both the money offered to them and the wage requirements.”

Citing the negotiations with the Domino Sugar Factory, the Speaker said that the City’s Economic Development Corporation must have a policy goal of negotiating development packages that result in not just the recipients of subsidies creating higher wage jobs, but also their tenants. In addition, EDC should also use other measures at its disposal, such as giving higher points in an RFP process for applicants who have “wall-to-wall” higher wages.

In addition, the Speaker advocated “other models beyond legislative mandates”. To that end, the Council will allocate funds to the Economic Development Corporation and work with EDC to put out an RFEI and eventually an RFP to developers and retailers who are looking for subsidies that would place a requirement that tenants pay a living wage.

## ***In Brief***

### **JCOPE Approves Temporary Hiring to Deal with Backlog**

The New York State Joint Commission on Public Ethics (JCOPE) approved the “temporary” hiring of up to three counsels and two investigators to deal with a backlog at the Commission. The motion was put forth by Commissioner Pat Bulgaro and passed without objection.

JCOPE is budgeted for 45 positions and is currently operating with a support staff of 14. This year’s budget was \$3.878 million and JCOPE has been asked to reduce that amount by 2.5% which will lead to a budget for next year of \$3.781 million.

The Commission is currently conducting a search for an Executive Director.

## **Executive Budget Release**

**WHO:** Governor Andrew Cuomo

**WHAT:** Release of 2012-2013 Executive Budget

**WHEN:** Tuesday, January 17<sup>th</sup>, 2 p.m.

**WHERE:** Hart Theatre, Egg Center for Performing Arts, Albany

**WHY:** Constitutionally Required

## **Gubernatorial Nominations Confirmed**

The New York State Senate this week unanimously confirmed Joseph Lhota as Chairman and CEO of the Metropolitan Transportation Authority (MTA), Thomas Madison as Executive Director of the New York Thruway Authority, and Gil Quiniones as President and CEO of the New York Power Authority (NYPA).

## **State Senator Oppenheimer to Retire**

State Senator Suzi Oppenheimer this week announced that she will not seek re-election this November. The Senator made her decision upon recently learning that she will have to undergo major shoulder replacement surgery in 2012.

“It had always been my plan to seek re-election in November and continue to serve the people of this district. When considering my responsibilities as Senator, the extensive effort that will go into rehabilitation and physical therapy following my surgery, and the added work of the hard fought campaigns I always wage, it became clear to me that I could do only two of those three important tasks.”

“By the end of this term, I will have served 28 years in the New York State Senate, following eight years as Mayor of Mamaroneck. The Senate is an institution that I hold very dear to my heart, and I count many of my colleagues – on both sides of the aisle – among my closest friends.”



## **Pensions: The Spin Remains the Same**

Speaking at the State of the City address this week, Mayor Michael Bloomberg echoed the sentiments of Governor Andrew Cuomo: cut the pension benefits of the “unborn.”

“New York City’s workforce is the finest in the world, and current city workers have earned their pensions,” Mayor Bloomberg said. “But we cannot afford to continue offering the same benefits to future workers.”

Last week, Governor Cuomo wanted to make clear that he is proposing to “change the pension system for employees who *may be* hired.”

“Pension benefits are not supposed to be a legacy,” the Governor explained. “Maintaining current pension benefits in the current economic times is a violation of the public trust.”

## ***Coming Up***

### ***New York State***

***Tuesday, January 17th***

***Executive Budget***

Hart Theatre, Egg Center for Performing Arts, Albany, 2 p.m.

### ***New York City***

***Tuesday, January 17<sup>th</sup>***

***Committee on Transportation***, 250 Broadway - Committee Rm, 16th Fl., 1:00 p.m.

*Oversight: What the MTA’s 2012 Budget Means for Straphangers.*

***Wednesday, January 18<sup>th</sup>***

***Committee on Finance***, 250 Broadway - Committee Rm, 16th Fl., 10 a.m.

*Int 0741-2011 A Local Law to amend the administrative code of the city of New York, in relation to authorizing an increase in the amount to be expended in six business improvement districts.*

***City Council Stated Meeting***, Council Chambers - City Hall, 1:30 p.m.

***Thursday, January 19<sup>th</sup>***

***Committee on Youth Services***, 250 Broadway - Committee Rm, 16th Fl., 10 a.m.

*Oversight - Overview of the Out-of-School Time Request for Proposals.*



**Committee on Technology**, 250 Broadway - Hearing Rm, 16th Fl., 10 a.m.

*Int 0664-2011* A Local Law to amend the administrative code of the city of New York, in relation to personal information security.

**Committee on Juvenile Justice**, 250 Broadway - Committee Rm, 14th Fl., 10 p.m.

*Oversight* - Examining the Division of Youth and Family Justice's Positive Alternative Towards Home Program.

**Committee on Small Business**, 250 Broadway - Committee Rm, 14th Fl., 1 p.m.

*Oversight* – Strengthening NYC’s Retail Corridors.

**Committee on Education Jointly with the Committee on Higher Education**, 250 Broadway - Committee Rm, 16th Fl., 1 p.m.

*Oversight* - Are New York City’s Public School Students Adequately Prepared for College?

**Friday, January 18<sup>th</sup>**

**Committee on Governmental Operations**, 250 Broadway - Committee Rm, 14th Fl., 10 a.m.

*Oversight* - Examining the Usage and Efficacy of New York City’s False Claims Act.

---

**Disclaimer:** The materials in this *This Week in New York* report are provided for informational purposes only and are not intended to be a comprehensive review of legislative or governmental or political developments, to create a client-consultant/lobbyist relationship, or to provide consulting, lobbying or political advice. Readers are cautioned not to attempt to solve specific problems on the basis of information contained in this *This Week in New York*. If consulting, lobbying or government relations advice is required, please consult a professional expert in such matters. The information contained herein, does not necessarily reflect the opinions of Pitta Bishop Del Giorno & Giblin LLC, or any of its partners or employees or its clients. Neither Pitta Bishop Del Giorno & Giblin LLC, nor its partners or employees make any warranty, expressed or implied, and assume no legal liability with respect to the information in this report, and do not guarantee that the information is accurate, complete, useful or current. Accordingly, Pitta Bishop Del Giorno & Giblin LLC is not responsible for any claimed damages resulting from any alleged error, inaccuracy, or omission. This communication may be considered an advertisement or solicitation.

**To Our Clients:** If you have any questions regarding any of the matters addressed in this newsletter, or regarding any legislative, government relations or political or consulting or related issues in general, please contact the Pitta Bishop Del Giorno & Giblin LLC professional with whom you usually work.

**To Our Clients and Friends:** To request that copies of this publication be sent to a new address or fax number, to unsubscribe, or to comment on its contents, please contact Theresa Cosgrove at [tcosgrove@pittabishop.com](mailto:tcosgrove@pittabishop.com) or at (518) 449-3320.

---

*This Week in New York* is a publication of Pitta Bishop Del Giorno & Giblin LLC, 120 Broadway, 28<sup>th</sup> Floor, New York, New York 10271.