



This Week in New York

Covering New York State and City Government

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In the News – New York State

Senate Looks at Executive Compensation Alternatives

The State Senate will add fuel to Governor Andrew Cuomo’s executive compensation fire by introducing alternative legislation to cap salaries at state-funded not-for-profit organizations.

Following a hearing this week, Senator Carl L. Marcellino, Chairman of the Senate Committee on Investigations and Government Operations, announced plans to introduce legislation that will address the initiative from a different perspective than that proposed by the Governor.



Senators Zeldin (left) & Marcellino (right) listen to testimony this week.

“We’re looking at if the [Governor’s] system will work,” Senator Marcellino said in an interview on CapTon. “Some of our testifiers indicated that they thought the system might create greater bureaucracies and more difficulties in enforcement than is intended by the executive order that the governor proposes. We’re just looking at some alternatives to it.”

According to Senator Marcellino, the great majority of not-for-profits are “doing it right” and putting the needs of those they serve first.

“Unfortunately, some executives have lost sight of their mission and are using their position to feed their greed at the expense of the neediest New Yorkers,” he explained. “We have to find solutions that protect the integrity of services and taxpayer dollars,”

In 2010, the Division of the Budget found that at not-for-profit organizations under contract with State mental hygiene agencies there were 1,926 employees with salaries greater than \$100,000. Their salaries totaled \$324.6 million.

As part of the 2012-2013 Executive Budget, Governor Cuomo proposed placing a \$199,000 cap on the amount of state funding not-for-profit and for profit entities can use to pay executives. In addition, the proposal directed that no less than 75% of the funding be used for direct care. The percentage is to increase 5% each year to no less than 85% by 2015.

The Governor signed an Executive Order on January 18th (one day after the budget release) enacting the proposal. It is scheduled to take effect no more than 90 days from signature.

Senator Marcellino indicated that in some instances that cap may be too low.

“We might set up tiers of salaries depending upon the size of the institutions or the organizations that are performing the functions,” Senator Marcellino said in the interview. “My own preference would be right now looking at making a percentage, in other words, the executive costs as a percentage of the total budget of the organization, which I think might cover it a little better.”

Damned with Faint Praise

State Comptroller Lauds Positive Fiscal Path Then Pans Budget

State Comptroller Thomas DiNapoli this week lauded Governor Andrew Cuomo for continuing to make “progress toward aligning state spending with revenue on a recurring basis.”



Comptroller DiNapoli

This “praise” was short-lived as the Comptroller’s report proceeded to validate his assertion that “this progress should not be made at the expense of transparency, appropriate checks and balances, and the realistic and necessary safeguarding of public dollars.”

In his report, Comptroller DiNapoli identified a number of Executive Budget proposals that expand the control of the Executive and reduce governmental oversight. Specifically, the Comptroller cited:

- **Expanded Control for the Executive:** The proposed budget includes language that would allow the Executive to move spending authority from one agency to another with minimal oversight, or legislative input, and without regard to the original intent of the funding in the Enacted Budget as approved by the Legislature. Also, public authorities would be authorized to transfer monies to any other public authority as long as the transfer is approved by their governing board.

According to Comptroller DiNapoli, this raises the possibility that an authority could use monies generated for one program or purpose, such as tolls intended for highway or bridge maintenance, for an entirely unrelated purpose.

- **Reduced Oversight:** The Comptroller noted that while the Executive Budget continues programmatic initiatives intended to improve government efficiency, it also includes provisions that reduce transparency, accountability and oversight. For example, the Executive proposes to exempt agency contracts from the State Comptroller's review and approval.

The Comptroller explained that his office ensures that contracts are “awarded fairly and openly and are the best value for taxpayers.” He asserted that while the Comptroller's office has 90 days to review the contracts most contracts are approved within 13 days, and one-third are approved within five days.

In his report, Comptroller DiNapoli identified several areas of risk in the proposed budget that could make achieving the expected level of revenue or savings challenging, including:

- **No Costs Identified for Tier VI Implementation:** The Executive Budget proposes a new Tier VI pension plan for the State and New York City public pension plans, which includes reductions in benefits and increases in employee contributions in comparison to the current State and New York City plans. There are no costs noted for the implementation of the new tier. According to actuaries in the State Comptroller's office, the proposal could cost New York state government from \$7 million to \$16 million to start and operate. The cost for implementation for local governments has not been calculated.
- **Slower Tax Growth:** General Fund tax collections are projected to end the current year \$702 million below original estimates when the additional PIT revenue from December actions is excluded. This reflects slower projected growth in tax revenue in the second half of the year
- **Questions on Federal Funding:** The Executive Budget does not include potential reductions in federal funding resulting from the Budget Control Act of 2011. If automatic federal funding cuts scheduled to begin in January 2013 occur, New York State and local governments could lose \$5 billion in federal funding over nine years. The Executive Budget also relies on new federal funding for the proposed *New York Works* infrastructure initiative at a time when federal support is uncertain.

Legislative Budget Schedule

On or before

February 29	Joint Revenue Forecasting Conference
February 29	Senate/Assembly Fiscal Committee Economic & Revenue Reports Released
March 1	Revenue Consensus Report
March 12	Senate & Assembly budget actions
March 13	Joint Senate/Assembly budget conference committees commence
March 19-20	Final Report of Joint Conference Committee
March 19-22	Joint Legislative budget bills taken up by Senate & Assembly

In the News – New York City

Hotel Employee Health Clinic Gets Shout Out in Speaker's State of the City

Council Speaker Christine Quinn lauded the City's hotel workers' union and its leader Peter Ward for their innovation in improving worker health and reducing health care costs. The Speaker called upon the City to use the hotel employee health clinic as a model to be replicated.

"The Hotel Workers Union, under the leadership of Peter Ward, has created a network of one-stop clinics where union members can receive any care they need, free of charge," Speaker Quinn explained. "By building a medical community, and providing their own insurance, the union has developed a system so efficient they can offer free coverage at 1/3 the cost of the average HMO."

Hoping to imitate this success, the Speaker has pledged \$100,000 in funding to launch the Freelancers Union's flagship Brooklyn health clinic, according to published reports. Working with Council Member Maria del Carmen Arroyo, Speaker Quinn proposed to assist these independent workers that now account for 30% of the workforce.



HTC's Brooklyn Clinic

The current New York Hotel Trades Council & Hotel Association of New York City, Inc. Employee Benefit Funds' clinics can trace their beginnings to 1949 when then-Governor Thomas Dewey signed legislation allowing Local 6 to operate the nation's first union-run medical practice. The plan has grown from a small Manhattan clinic into comprehensive health centers that serve approximately 88,000 hotel workers, their family members, and union retirees. Dr. Robert Greenspan has guided the plan for 12 years.

According to the Union, the benefits are funded almost entirely by industry employers and are offered nearly free of cost to our members. Members do not make contributions to the benefits provided through the Funds, nor do they face co-pays or deductibles for their health coverage (except for a \$5 to \$15 pharmacy co-pay for drugs on our formulary).

Published reports cite that in 2010, the hotel workers' health plan cost \$411.24 a month for an individual and \$1,027.56 for an average family. Healthfirst, the New York's most inexpensive plan, costs approximately three times as much—\$1,116 a month for an individual and \$3,316 for a family (excluding services such as dental and optical care and including deductibles and co-pays).

The Funds owns and operates Health and Dental Centers in Harlem, Midtown, Queens and Brooklyn as well as an Industry Training Center in Queens. Nearly 1,000 doctors, nurses, counselors, clerks, and administrative staff are employed or contracted with in-house to provide services to members. Center medical professionals can speak 45 languages.

The \$35 million facility in Central Harlem opened in 2003 and serves approximately 800 patients daily. The Queens, Harlem, and Midtown centers use pharmacy robots, where robots fill prescriptions of the 200 most commonly prescribed drugs, according to published reports.



The Harlem Health Center

“I think it’s crazy we’ve waited so long to try and replicate their success.” Speaker Quinn emphasized.

In Brief

Tappan Zee Qualified Bidders Named

The New York State Thruway Authority and the New York State Department of Transportation this week released the list of qualified competitive bidders for the new Tappan Zee Hudson River Crossing Project. Statements of Qualification were received from five design-build consortiums, and four “internationally known” groups were deemed qualified after a thorough multi-agency technical review.

The qualified firms will have an opportunity to bid on the design and construction contract for the replacement bridge. A request for proposals for the redesigned Tappan Zee Bridge is expected to be issued to the bidders in the coming weeks.

The qualified consortiums include:

Hudson River Bridge Constructors

(a group including Dragados USA, Inc., Flatiron Constructors, Inc., Samsung C&T, E&C Americas, Inc., and Yonkers Contracting Company, Inc.)

Kiewit-Skanska-Weeks Joint Venture

(Kiewit Infrastructure Co., Skanska USA Civil Northeast Inc., and Weeks Marine, Inc.)

Tappan Zee Bridge Partners, a Bechtel/Tutor Perini Joint Venture

(Bechtel Infrastructure Corporation and Tutor Perini Corporation)

Tappan Zee Constructors

(Fluor Enterprises, Inc., American Bridge Company, Granite Construction Northeast, Inc., and Traylor Bros., Inc.)

After Design-Build proposals are submitted and reviewed, one of the four short-listed consortiums will be selected later this year to construct the new bridge.

Mandate Relief Council Public Hearing Schedule

The Governor's Mandate Relief Council has begun holding public hearings across the State to solicit input on the State's local government regulatory environment. The 11-member Executive and Legislative council is charged with reviewing and advancing proposals to reduce the statutory and regulatory burden on local governments and school districts. Governor Cuomo signed the 2011 law creating the Mandate Relief Council as part of a mandate relief package.

The hearing dates and locations are as follows: February 10 - Long Island; February 23 – Central NY; February 24 - Mohawk Valley; February 27 – Hudson Valley; February 28 - Capital Region; March 2 - North Country East; March 8 - North Country West; March 9 - Southern Tier; March 16 - Western NY; and March 16 - Finger Lakes.

The Governor's office will release specifics regarding hearing locations and times as it becomes available.

Super Bowl Champions Coming Back to Albany

The New York Giants' road to Super Bowl XLVII will begin at UAlbany. The NFL champions confirmed that they will bring their training camp back to the Albany area this summer. The 2011 lockout shortened the preseason and the Giants opted to practice in New Jersey.

The Giants have made UAlbany their summer home since 1996. The camp is usually held during the first three weeks of August.

Kindergarten for All in NYC Would Cost \$30 Million

Mayor Michael Bloomberg estimated that Speaker Christine Quinn's proposal to require kindergarten attendance for all New York City children would cost approximately \$30 million annually. "More education for kids is something that we all should be in favor of," Mayor Bloomberg said. "The question, really, is where the money comes from."

The requirement would have to be approved by Governor Andrew Cuomo and the State Legislature.

Coming Up

New York State

Monday February 13th

To examine what steps New York State can take to make roads safer and protect people from distracted driving crashes

Senate Standing Committee on Transportation

Van Buren Hearing Room A, Legislative Office Building, 2nd Floor, Albany, New York, 10 a.m.

Tuesday, February 14th

Congressional and state legislative redistricting

New York State Legislative Task Force on Demographic Research and Reapportionment

Syracuse City School District, Henninger High School Auditorium, 600 Robinson Street, Syracuse, 3 p.m.

Wednesday, February 15th

Impact of the merger of the former Consumer Protection Board's (CPB) Utility Intervention Unit (UIU) into the Department of State (DOS) on electric, gas and steam customers

Joint – Assembly Committee on Energy and Assembly Committee on Consumer Affairs and Protection

Roosevelt Hearing Room C, Legislative Office Building, 2nd Floor, Albany, 10 a.m..

Congressional and state legislative redistricting

New York State Legislative Task Force on Demographic Research and Reapportionment

Monroe County Chambers, Room 406, 39 West Main Street, Rochester, 11:30 a.m.

Thursday, February 16th

Congressional and state legislative redistricting

New York State Legislative Task Force on Demographic Research and Reapportionment

Buffalo City Hall, Common Council Chambers, 13th Floor, 65 Niagara Street, Buffalo, 10:30 a.m.

New York City

Monday February 13th

Committee on Mental Health, Mental Retardation, Alcoholism, Drug Abuse and Disability Services, 250 Broadway - Committee Rm, 14th Fl., 10 a.m.

Res 0094-2010 Resolution calling upon the New York State Legislature to pass A.7347/S.2774, legislation that would legalize the medicinal use of marijuana.

Tuesday, February 14th

Committee on Community Development, 250 Broadway - Committee Rm, 14th Fl, 10 a.m.

Oversight: Concentrated Poverty in New York City and Its Impact on Public Policy and Distribution of City Resources.

Wednesday, February 15th

Committee on Public Safety Jointly with the Committee on Transportation, 250 Broadway - Committee Rm, 16th Fl. 10 a.m.

Oversight: "Proceeding with Caution - An Examination of NYPD's accident response and enforcement of traffic rules relating to cars, bikes, and trucks."

Committee on Cultural Affairs, Libraries and International Intergroup Relations, 250 Broadway - Committee Rm, 14th Fl.,

Oversight: New York State Cultural Data Project.

Committee on Consumer Affairs, Brooklyn Borough Hall 209 Joralemon Street 1st Floor Community Room Brooklyn, N.Y. 11201, 1 p.m.

Oversight: Home Improvement Contractors in New York City – Tools for Fair Dealing.

Thursday, February 16th

Public Meeting Of the New York City Campaign Finance Board

New York City Campaign Finance Board, OATH Conference Room E, 6th Floor, at 40 Rector Street. 10 a.m.

Committee on Small Business Jointly with the Committee on Contracts, 250 Broadway - Committee Rm, 14th Fl., 10 a.m.

Oversight: Examination of the Locally-Based Enterprises (LBE) Program.

Committee on Civil Service and Labor Jointly with the Committee on Immigration, 250 Broadway - Committee Rm, 14th Fl. 1 p.m.

Oversight: Are For-Profit and Vocational Educational Institutions Helping the Efforts of the City's Immigrants to Enter the Workforce?

Res 1198-2012 Resolution calling on the New York State Department of Education to convene a task force to review the outreach practices and graduate outcomes at institutions with gainful employment programs in New York State.

Friday, February 17th

Committee on Youth Services, 250 Broadway - Committee Rm, 14th Fl., 10 a.m.

Oversight: The 2011 Summer Youth Employment Program Annual Summary

Committee on Sanitation and Solid Waste Management, 250 Broadway - Committee Rm, 10 a.m.

Oversight: Examining Clothing and Textile Recycling Programs and Opportunities in New York City.

Committee on Environmental Protection, 250 Broadway - Committee Rm, 16th Fl., 1 p.m.
Oversight: Examination and Discussion of NYC Department of Environmental Protection's Comments, Entitled "Geophysical Evaluation of Infrastructure Risks of Natural Gas Production on New York City West of Hudson Water Supply Infrastructure," to the NYS Department of Environmental Conservation (DEC) Regarding DEC's Revised Draft Supplemental Generic Environmental Impact Statement on the Oil, Gas and Solution Mining Regulatory Program.

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