



# This Week in New York

## Covering New York State and City Government

A Publication of Pitta Bishop Del Giorno & Giblin LLC  
April 13, 2012 Edition



## *In the News – New York State*



### **There are Always Two Sides to Every Issue**

### **Sometimes Three, Maybe Four**

New York's minimum wage has moved into the end-of-session spotlight, with the Assembly Majority, Senate Minority, and Senate Republicans all weighing in.

The Assembly Majority and Senate Minority are spearheading the initiatives. Each have introduced legislation and are seeking public input. Meanwhile the Senate Republicans have dug their heels in on the proposal, viewing it as an economic non-starter.

The Assembly Majority--headed by Speaker Sheldon Silver and Labor Committee Chair Keith Wright--yesterday announced a series of public hearings in the coming weeks to seek input on raising the minimum wage. The hearings begin on April 23<sup>rd</sup> and will be held in Manhattan, Buffalo, and Syracuse.

Also yesterday, the Senate Democrats scheduled a "public forum" in Albany on the issue at the Capitol on April 18<sup>th</sup>. According to the Senate Democrats, their request for a hearing was turned down by the Senate Majority.

The Senate Republicans, as evidenced by a letter from Majority Leader Dean Skelos to Minority Leader John Sampson, have significant concerns regarding the wage hike. Senator Skelos asserted that the Democrats have not addressed issues raised in a number of studies, as well as the business community, that the increase would "drive up costs for businesses and could cause significant job losses at a time when we are working so hard to create jobs in New York."

Senator Skelos cited that several studies have concluded that increasing the minimum wage in New York would place higher costs on businesses that could potentially be passed along to consumers. Specifically, analysis indicates that a higher minimum wage could cost businesses as much as \$2,800 per year, per full-time employee. If part-time employees are included, the total impact on New York businesses is nearly \$350 million. Another study found that the 2004 minimum wage hike reduced employment by almost 22 percent, especially among younger, less educated individuals.

Speaker Silver and Assemblyman Wright have proposed legislation (A.9148) to raise the minimum wage in New York to \$8.50 an hour and index it to inflation. The legislation calls for the minimum wage to increase to \$8.50 in January of 2013. The minimum wage will be indexed, requiring an increase each year to adjust for inflation according to the Consumer Price Index (CPI). Indexing will begin January of 2014. The legislation will also set wages for food service workers who receive tips at \$5.86. This wage will also be indexed annually to inflation.

The Senate Democrats' forum centers around Senator Adriano Espaillat's minimum wage bill (S.6335-B) which would revise the current minimum wage of \$7.25, raising it to \$8.50 in 2013, \$9.25 in 2014, and linking it to the regional Consumer Price Index thereafter.

Governor Andrew Cuomo has yet to show his cards in relation to the issue.

"You know, the Senate is basically opposed, the Assembly is basically in favor. The question is going to be is there a compromise in there somewhere and we will find that over the next few weeks," Governor Cuomo said, according to published report.

The District of Columbia, Massachusetts, Connecticut, Vermont and 15 other states have higher minimum wage rates than New York State. Ten other states have passed legislation indexing the minimum wage to ensure the minimum wage.



## **Executive Order Establishes Statewide Health Exchange**

Governor Andrew M. Cuomo this week issued an Executive Order (Number 42) to establish a statewide Health Exchange.

According to the Governor, the Exchange will be entirely financed by the federal government. In addition, as required by the federal Affordable Care Act, the Exchange will be financially self-sustaining, requiring no state subsidy, by January 1, 2015.

The Health Care Exchange will be established within the Department of Health, in conformity with the Affordable Care Act. According to the Executive Order, the Department of Health, in conjunction with the Department of Financial Services and other state agencies, "shall take all necessary steps to effectuate the Exchange, and expedite its ability to perform those functions necessary to carry out the requirements and serve the goals of the Affordable Care Act."

The Executive Order also allows for regional advisory committees consisting of consumer advocates, small business consumer representatives, health care providers, agents, brokers, insurers, labor organizations, and any other appropriate stakeholders to advise and make recommendations on the establishment and operation of the Exchange, including recommendations about relevant regional factors.

The Governor asserts that the Exchange will save New York taxpayers millions of dollars each year by helping connect New Yorkers and businesses to health insurance that will be made available by the Affordable Care Act. Currently, state and local governments pay more than \$600 million every year to cover the health care costs of uninsured individuals. Unreimbursed costs are passed on to individuals and small businesses, adding an additional \$800 in premiums on a family's average cost each year. Additionally, the Exchange will ensure that eligible small businesses and individuals receive premium tax credits and cost-sharing reductions.

Under the Affordable Care Act, a state that chooses to operate its own Exchange must demonstrate to the federal government, by January 1, 2013, that its Exchange will be able to begin accepting applications by October 1, 2013, and will be operational by January 1, 2014. If the state does not demonstrate operational readiness of its own Exchange, its residents will be required to participate in a federal Exchange.

To date, New York has already received almost \$40 million worth of federal grants to start the exchange. It has until June to apply for a set of second-stage grants.

## **A Lawmaker and a Gentleman**

### ***Assembly Majority Leader Ron Canestrari To Retire at Year's End***

Assembly Majority Leader Ron Canestrari announced this week that he will step down at the close of 2012. The Capital District lawmaker has represented the 106th Assembly District, which consists of parts of Albany, Rensselaer and Saratoga Counties, for over two decades. Prior to his tenure in the Assembly, he served as Mayor of Cohoes for 13 years.

Assemblyman Canestrari was appointed to the position of Majority Leader on January 3, 2007 by Assembly Speaker Sheldon Silver. As Majority Leader, he is responsible for the day-to-day management of the legislative session on the floor of the Assembly. In this capacity, Assemblyman Canestrari sets the daily agenda, and oversees the debate and voting procedures on all legislation. Prior to his ascension to Majority Leader, he served as Chairman of the Assembly's Higher Education Committee.



**Assembly Majority Leader  
Canestrari**

“Having served in state and local government for more than three decades, Majority Leader Ron Canestrari has dedicated his career to improving his community by helping those most in need,” Speaker Silver said. “A true public servant in every sense, his innumerable contributions to state government are unmatched. Ron has been a great friend, trusted confidant and advisor, and I know I speak for the entire New York State Assembly when I say that he will be missed.”



Speaker Silver

He chairs the Assembly Working Group on Television Coverage where he led the Assembly Majority’s efforts to make Assembly Session footage available throughout the State on cable television and over the internet. In addition, he serves as chair of the Assembly Intern Committee. Each year students from across the state gain hands on experience in the legislative process and foster their interest in civics.

Assemblyman Canestrari attended the Cohoes public school system, and graduated from Christian Brothers Academy in Albany. He is a graduate of Fordham College, Fordham University School of Law, and is the recipient of an Honorary Doctorate of Laws from Manhattan College. An attorney by profession, Ron is a member of the New York State Bar Association and was an attorney with the Federal Government in Washington D.C. He is a U.S. Army Vietnam-Era Veteran.

## *In the News – New York City*

### **City Council Warns Mayor: We Simply Cannot Afford to Shortchange the Next Generation**

In response to testimony from the Council’s month-long budget hearings, City Council Speaker Christine Quinn warned that the Mayor’s FY2013 budget contains “substantial and unacceptable” cuts for services for families and communities.



Speaker Quinn

Speaker Quinn acknowledged that the Mayor’s FY 2013 preliminary budget comes against the “backdrop of a slowly improving economy” and that the hard decisions made in previous years have put the City on solid financial footing. However, she asserted the impact of the Mayor’s budget falls “particularly hard” on children through cuts to childcare, further reductions in the number of teachers in our classrooms due to attrition, and a nearly 50 percent cut to after school programs.

The Speaker charged that these cuts will lead to lower graduation rates, a higher incidence of youth violence, and diminished prospects in the future.

Among the areas cited by the Council are:

- Childcare: The Council contends that the soon-to-be awarded Early Learn RFP suffers from several structural flaws in addition to being under-funded. The Council stands ready to work with the Administration to fix these flaws and provide adequate funding to protect the existing number of child care slots.
- Youth: Funding for the City's after school programs (Out-of-School-Time, or OST) have been cut nearly in half for Fiscal Year 2013 in comparison to FY '12. OST and other after school programs such as Beacon Schools and the Cornerstone program must be fully funded.
- Uniformed Police Officers: The Council strongly urges that 500 uniformed officers currently performing tasks eligible for civilianization be re-assigned to increase the department's patrol strength. The Council asserts this can be done at a relatively low cost to strengthen the city's enforcement presence while reducing the cost of performing civilian and clerical tasks where law enforcement training and experience are not required.
- District Attorneys: The Council believes the offices of the District Attorney are underfunded for the scope of its mandate. The Council seeks to rectify this funding inequality.

"It is an undeniable fact that protecting our children and keeping our streets safe should be of the highest priority to this city," said Councilman Domenic M. Recchia, Jr. "... in order to ensure the safety of all residents it is crucial that the 518 uniformed officers currently performing tasks which are eligible for civilianization, be returned to enforcement duties as soon as possible and that new civilians be hired in their place."



## Muppets Take Manhattan Again

New York City Mayor Michael R. Bloomberg announced that the Muppets will return to New York City in 2012 as the official NYC Family Ambassadors.

As part of the year-long collaboration, the Muppets will encourage family travel to the City by highlighting the best ways for families to experience and enjoy the many dining and shopping venues, cultural institutions, parks, and attractions across the five boroughs.

“We are proud to enlist the help of key family experts, the Muppets, to promote the five boroughs domestically and abroad,” said Mayor Bloomberg. “The Muppets believe in dreaming big – just like New Yorkers. Extending the NYC Family Ambassador program beyond the summer and for the entire year will aid us in attracting more family visitors year round and therefore help us reach our goal of attracting 55 million visitors to New York City annually by 2015.”

“In 1984, the Muppets took Manhattan, and now they’re poised to take visitors to all five boroughs,” Deputy Mayor Robert Steel said. “We’re proud to partner with the Muppets to make people realize that New York is a great destination for family vacations.”

The program will highlight family-friendly things to do and see for visiting families as well as locals. On [www.nyc.gov](http://www.nyc.gov), the Muppets will share their personal City preferences: Miss Piggy will discuss shopping, Kermit the Frog will help visitors navigate the five boroughs, Swedish Chef will focus on cuisine and more. Showcased locations include the Bronx Zoo, Brooklyn Bridge Park, Coney Island, East River Ferry, MoMA PS1, The Museum of the Moving Image, Rockaway Beach, Snug Harbor, and The Natural History Museum.

“I’ve loved New York ever since I arrived in its harbor and saw that the Statue of Liberty is green. What a welcome!” said Kermit the Frog. “New York is a great place for families, frogs, pigs, bears and uh, anyone else to visit.”

“New York is the most fabulous city in the world. In fact, it’s almost as fabulous as moi. And trust me, that’s high praise indeed!” said Miss Piggy.” So don’t just sit there! Get ready world! You’re about to take the ultimate diva’s tour of moi’s favorite city! Lucky vous!”

## ***In Brief***

### **Governor Releases Executive Order Giving State Agencies More Time to Develop Executive Compensation Regulations**

Governor Andrew Cuomo this afternoon released Executive Order 43 giving state agencies until May 16<sup>th</sup> to develop regulations for an earlier order capping executive compensation. On January 18<sup>th</sup> the Governor issued an executive order that would cap executive pay at non-profits receiving state funds at \$199,000.

In the Executive Order, the Governor noted that “affected Executive State agencies have diligently worked to develop proposed regulations to implement” the original order. Under the original order the regulations were due April 18<sup>th</sup>.

## **NYS Comptroller: NYSHIP Contractors Wasting Millions Audits Fault Empire Blue Cross and Blue Shield and United HealthCare**

The New York State Health Insurance Program (NYSHIP) erroneously paid as much as \$11 million for special items such as implants, drugs and blood and evaluation procedures that were not performed, according to two audits released by State Comptroller Thomas P. DiNapoli. Payments to hospitals accounted for an estimated \$3.2 million of this amount, with medical providers paid as much as \$7.8 million for phony evaluations. In one of the audits, Comptroller DiNapoli's auditors found errors resulting in overpayments in 57 percent of the claims reviewed.

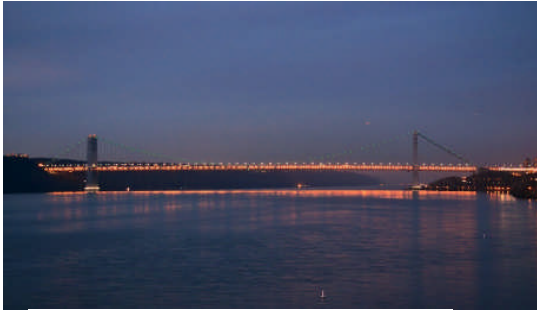
NYSHIP provides health insurance coverage to active and retired state, participating local government and school district employees and their dependents. The Department of Civil Service contracts with Empire Blue Cross and Blue Shield (Empire) to provide hospitalization coverage under the Empire Plan, the largest insurance option provided by NYSHIP. Separately, Civil Service contracts with United HealthCare (United) to process and pay medical and surgical claims for services provided to Empire Plan members. Annually, United processes over 21 million claims (totaling about \$1.9 billion) for the Empire Plan.

## **State Launches School District Efficiency Competition**

New York this week launched the School District Management Efficiency Awards program to reward school districts that have implemented long-term efficiency or cost saving measures in school district management and operations. The efficiency awards will be granted to school districts in the state that have most effectively cut bureaucratic costs while maintaining the integrity of educational programs and services. Districts will be asked to submit applications that show cost savings in management efficiencies through eliminating administrative redundancies, reducing transportation costs, and cutting other administrative overhead.

Up to \$75 million in grants will be distributed over the next 3 years, with additional awards to be distributed in future years. Grants will be awarded pursuant to a competitive process. Priority will be given to proposals that demonstrate the implementation of long term efficiencies, which can be replicated by other districts. School districts must submit applications to the State Education Department by June 6, 2012, and the first round of awards will be announced and awarded during the 2012-2013 school year. Bonus points will be given to school districts that have a State Education Department approved teacher evaluation systems in place by September 1, 2012.

## GW Bridge Reconstruction Estimated to be a 10-year Plan, \$1.5 Billion



George Washington Bridge  
Photo: Michael Friedman

The Port Authority's plan to refurbish New York's George Washington Bridge has a 10-year project scope and an approximately \$1.5 billion price tag. The agency's Board of Commissioners approved the projects earlier this year. The Board's actions included a project to rehabilitate the 178th and 179th Street and bus ramps, planning work for the rehabilitation of the Center Avenue and Lemoine Avenue bridges, and planning for rehabilitation work on the bridge's lower level. The investments approved today cost an estimated \$230 million; ultimately, the three projects are estimated to cost between \$460 and \$480 million.

In addition to these projects, the Board authorized a \$20 million planning project in December 2011 to replace the George Washington Bridge's steel suspender ropes. That project is anticipated to cost between \$1 and \$1.2 billion and is projected to generate nearly 4,000 jobs and more than one billion in economic activity, according to the Port Authority.

## Coming Up

### *New York State*

*Friday, April 20<sup>th</sup>*

*Public Hearing to examine the Port Authority of NY & NJ's spending practices and financial management*

Senate Standing Committee on Transportation

The Center for the Arts, Williamson Theatre, 2800 Victory Boulevard, Staten Island, New York, 10:30 a.m.

### *New York City*

*Monday, April 16<sup>th</sup>*

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

*T2012-4542 A In relation to the New York City false claims act.*

*Int 0479-2011 In relation to requiring city contractors to post information concerning their employees' whistleblower protection rights as established by the New York City, New York State and Federal False Claims Acts.*

*Int 0816-2012 In relation to extending whistleblower protection to employees of city contractors.*



**Committee on Housing and Buildings, 250 Broadway - Committee Rm, 14th Fl., 1 p.m.**

*Int 0407-2010 A* In relation to requiring existing elevators in residential buildings and other buildings with residential occupants to be equipped with additional safety devices.

*T2012-4539* In relation to elevator agency director and elevator technician licenses.

*Oversight* – Examining Elevator Safety in New York City.

**Committee on Cultural Affairs, Libraries and International Intergroup Relations, Jointly with the Committee on Small Business and the Select Committee on Libraries, 250 Broadway, 16th Fl., 1 p.m.**

*Oversight* - The Economic Impact of Libraries.

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

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

*Oversight* - Center for Economic Opportunity's Poverty Measure and Its Impact on Public Policy and Allocation of City Resources.

**Committee on Civil Service and Labor, 250 Broadway - Committee Rm, 14th Fl., 1 p.m.**

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

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

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

**Committee on Immigration Jointly with the Committee on General Welfare and the Committee on Youth Services, 250 Broadway - Committee Rm, 16th Fl., 10 a.m.**

*Oversight* -- The Roles of MOIA, ACS, and DYCD in Assisting Immigrant Youth.

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

*Oversight* – Co-locations in New York City Public Schools.

**Friday, April 20<sup>th</sup>**

**Committee on Mental Health, Mental Retardation, Alcoholism, Drug Abuse and Disability Services & with the Committee on Fire and Criminal Justice Services, 250 Broadway, 14th Fl., 10 a.m.**

*Oversight* – Examining the Provision of Physical and Mental Health Services in City Jails and Upon Discharge.

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